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# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

January 18, 2012

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **EXTENSION REQUEST ON OCTOBER 18, 2011 BOARD MOTION – ASSESS POTENTIAL OF EACH OPTION SUBMITTED IN AUGUST 2011 TO INCREASE GENERAL RELIEF PROGRAM INTEGRITY, REDUCE FRAUD, AND/OR STRENGTHEN ENFORCEMENT OF PROGRAM RULES**

On October 18, 2011, by motion of Supervisor Don Knabe, with amendments by Supervisors Mark Ridley-Thomas and Zev Yaroslavsky, your Board directed the Chief Executive Officer (CEO), the Auditor-Controller, and the Acting Director of Public Social Services (DPSS) in consultation with the advocate community who include, but are not limited to, Public Counsel Law Center, Legal Aid Foundation of Los Angeles, and Neighborhood Legal Services of Los Angeles County, to assess the potential of each of the options submitted by the CEO and DPSS in August 2011 to increase General Relief (GR) program integrity, reduce fraud, and/or strengthen enforcement of GR program rules, and submit a joint recommendation on whether to adopt any of the options within 90 days. This written assessment shall include the projected cost savings and expenditures of each August 2011 option, and any other options, as well as any actual evidence of program fraud.

A work group consisting of CEO, DPSS, and Auditor-Controller staff, Board Deputies, community advocates, and members of the Public Social Services Commission has been established to assess each option, conduct a data and fiscal analysis, and develop recommendations. The work group has convened four times and continues to discuss and analyze each option.

*"To Enrich Lives Through Effective And Caring Service"*

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Each Supervisor  
January 18, 2012  
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In assessing the work required to complete the analysis of the 11 options, it has been determined that additional time is needed to conduct a thorough data and fiscal analysis of the options. Therefore, we request an extension to March 30, 2012 to complete this effort.

If you have any questions or need additional information, please contact me at (213) 974-7365 or via e-mail at [ajimenez@ceo.lacounty.gov](mailto:ajimenez@ceo.lacounty.gov).

WTF:AJ:DS  
SMF:ljp

c: Executive Office, Board of Supervisors  
Auditor-Controller  
County Counsel  
Public Social Services

Extension Request-GR.bm



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

March 27, 2012

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **SECOND EXTENSION REQUEST ON OCTOBER 18, 2011 BOARD MOTION – ASSESS POTENTIAL OF EACH OPTION SUBMITTED IN AUGUST 2011 TO INCREASE GENERAL RELIEF PROGRAM INTEGRITY, REDUCE FRAUD, AND/OR STRENGTHEN ENFORCEMENT OF PROGRAM RULES**

On October 18, 2011, by motion of Supervisor Don Knabe, with amendments by Supervisors Mark Ridley-Thomas and Zev Yaroslavsky, your Board directed the Chief Executive Officer (CEO), the Auditor-Controller, and the Acting Director of Public Social Services (DPSS) in consultation with the advocate community who include, but are not limited to, Public Counsel Law Center, Legal Aid Foundation of Los Angeles, and Neighborhood Legal Services of Los Angeles County, to assess the potential of each of the options submitted by the CEO and DPSS in August 2011 to increase General Relief (GR) program integrity, reduce fraud, and/or strengthen enforcement of GR program rules, and submit a joint recommendation within 90 days on whether to adopt any of the options. This written assessment shall include the projected cost savings and expenditures of each August 2011 option, and any other options, as well as any actual evidence of program fraud.

In November 2011, the CEO finalized a project charter which outlines the project membership, scope, and deliverables to address the Board motion. A Work Group consisting of the CEO, DPSS, Auditor-Controller, Board Deputies, community advocates, and members of the Public Social Services Commission was formed to thoroughly analyze each option and develop recommendations on each of the 11 August 2011 options. The Work Group has convened seven times since October 2011. The Work Group is also working with the Auditor-Controller to finalize the fraud and program integrity analysis.

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Each Supervisor  
March 27, 2012  
Page 2

It has been determined that additional time is needed to finalize the analysis of the options and assess existing GR program fraud. Therefore, we request an extension to May 31, 2012 in this effort.

If you have any questions, or require additional information, please contact Antonia Jiménez at (213) 974-7365 or via e-mail at [ajimenez@ceo.lacounty.gov](mailto:ajimenez@ceo.lacounty.gov).

WTF:BC:AJ  
DS:SMF:ljp

c: Executive Office, Board of Supervisors  
Auditor-Controller  
Public Social Services

Extension Request-GR - March 2012



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
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**WILLIAM T FUJIOKA**  
Chief Executive Officer

May 31, 2012

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer  
Sheryl L. Spiller  
Acting Director  
Department of Public Social Services

Wendy Watanabe  
Auditor-Controller

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

**TRANSMISSION OF THE GENERAL RELIEF OPTIONS REPORT AND GENERAL RELIEF FRAUD AND PROGRAM INTEGRITY ANALYSIS IN RESPONSE TO THE OCTOBER 18, 2011 MOTION REGARDING THE GENERAL RELIEF PROGRAM**

On October 18, 2011, by motion of Supervisor Knabe, with amendments by Supervisors Ridley-Thomas and Yaroslavsky, the Board directed the Chief Executive Officer (CEO), the Auditor-Controller, and the Acting Director of Public Social Services (DPSS), in consultation with the advocate community, to assess the potential of each of the options submitted by the CEO and DPSS in August 2011 to increase General Relief (GR) program integrity, reduce fraud, and/or strengthen enforcement of GR program rules, and submit a joint recommendation on whether to adopt any of the options. The motion also directed the Auditor-Controller to conduct an analysis of fraud and program integrity in the GR program.

In response to this motion, a GR Options Work Group (Work Group) was established consisting of the Board Deputies, CEO, DPSS, Auditor-Controller, legal and homeless advocates, and the Commission for Public Social Services. The Work Group met several times to review the 11 options and determine whether each option should be recommended for adoption to the Board.

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### **Part A – GR Options Work Group Review**

Attached is a report with the Work Group's final recommendations for each of the 11 options, including relevant data, fraud and program integrity analysis, fiscal impact, and potential impact to constituents. These final recommendations were developed through a joint effort by the Work Group members.

The Work Group's final recommendations for each option are:

#### **Consensus to Recommend**

- Option E: Elimination of Shared Housing Deduction
- Option I: Administratively Unemployable Category (with modifications)
- Option G: Additional Eligibility Workers (Defer to Pilot)
- Option H: Additional General Relief Opportunities for Work (GROW) Case Managers (Defer to Pilot)
- Option K: Mental Health Treatment for Participants Pursuing Supplemental Security Income (SSI) (Defer to Pilot)

#### **Consensus to Not Recommend**

- Option A: In-Kind Assistance
- Option C: Property and Asset Limit
- Option F: GR Time Limit Change

#### **Diverging Views**

- Option B: Sanction Policy
- Option D: Residency Verification
- Option J: Additional Supplemental Security Income and Medi-Cal Advocacy Program (SSIMAP) Staff

For options where there was divergence, each stakeholder represented on the Work Group (with the exception of the Auditor-Controller) prepared a written statement explaining the stakeholder's position on the particular option, and those statements are included in the attached report.

### **Part B – Auditor-Controller Report**

Additionally, as directed by the Board, the Auditor-Controller has developed an overall GR fraud and program integrity analysis that is attached to this memo. The Auditor-Controller report was prepared in consultation with the Work Group members,

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but is representative of the perspective and conclusions of the Auditor-Controller, and not necessarily of the views of other departments or the advocates that participated in the Work Group.

If you have any questions or need additional information, please contact us, or your staff may contact Antonia Jiménez at (213) 974-7365, or via e-mail at [ajimenez@ceo.lacounty.gov](mailto:ajimenez@ceo.lacounty.gov).

WTF:SLS:WW  
AJ:ljp

**Attachments**

c: Executive Officer, Board of Supervisors  
County Counsel  
Commission for Public Social Services  
Corporation for Supportive Housing  
Inner City Law  
Legal Aid Foundation of Los Angeles  
Neighborhood Legal Services  
Public Counsel  
Shelter Partnership

GR Options Report-May 2012.bm







# GENERAL RELIEF OPTIONS MOTION

County of Los Angeles

May 2012

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ACRONYM LIST	
<b>AU</b>	Administratively Unemployable
<b>CEO</b>	Chief Executive Office
<b>CMA</b>	Case Manager Appointment
<b>DHS</b>	Department of Health Services
<b>DMH</b>	Department of Mental Health
<b>DPSS</b>	Department of Public Social Services
<b>EBT</b>	Electronic Benefits Transfer
<b>ES</b>	Eligibility Supervisor
<b>EW</b>	Eligibility Worker
<b>GAIN</b>	Greater Avenues for Independence
<b>GR</b>	General Relief
<b>GROW</b>	General Relief Opportunities for Work
<b>LASD</b>	Los Angeles Sheriff's Department
<b>MSARP</b>	Mandatory Substance Abuse Recovery Program
<b>NCC</b>	Net County Cost
<b>NOA</b>	Notice of Action
<b>NSA</b>	Needs Special Assistance
<b>PSS</b>	Public Social Services
<b>RRR</b>	Record Retrieval Request
<b>SIB</b>	Services Integration Branch
<b>SOF</b>	Statement of Facts
<b>SSA</b>	Social Security Administration
<b>SSDI</b>	Social Security Disability Insurance
<b>SSI</b>	Supplemental Security Income
<b>SSIMAP</b>	Supplemental Security Income and Medi-Cal Advocacy Program
<b>Temp U</b>	Temporarily Unemployable
<b>WFP&amp;I</b>	Welfare Fraud Prevention & Investigation

# **EXECUTIVE SUMMARY**

On October 18, 2011, by motion of Supervisor Don Knabe, with amendments by Supervisors Mark Ridley-Thomas and Zev Yaroslavsky, the Board of Supervisors directed the Chief Executive Officer (CEO), the Auditor-Controller, and the Acting Director of Public Social Services (DPSS), in consultation with the advocate community, to assess the potential of each of the eleven options submitted by the CEO and DPSS to the Board in August 2011 to increase General Relief (GR) program integrity, reduce fraud, and/or strengthen enforcement of GR program rules, and submit a joint recommendation on whether to adopt any of the options. The Board also directed that the assessment include projected cost savings and expenditures of each August 2011 option, and any other options, as well as any actual evidence of program fraud.

In response to this motion, a Work Group was established consisting of the Board Deputies, CEO, DPSS, Auditor-Controller, legal advocates, homeless & housing advocates, and the Public Social Services (PSS) Commission. To effectively respond to the Board motion, the Work Group carried out the following steps:

- Created a **Project Charter** (Attachment A) that clearly articulated the goals and objectives;
- Documented the **GR end-to-end business process** (Attachment B);
- Created a **standardized option template** for analyzing and assessing each option. The template was used to: 1) collect and analyze data, 2) analyze the fiscal impact, 3) provide Auditor-Controller fraud and program integrity analysis, and 4) assess impact to constituents;
- Established a **systematic decision-making process** for reaching consensus whereby all stakeholder parties (DPSS, CEO, legal advocates, homeless & housing advocates, and the PSS Commission) had to agree whether to recommend or not recommend a particular option. In circumstances where consensus could not be reached, it was agreed that divergent views would be documented.

***Divergent views are solely the opinions of the author stakeholder group and do not reflect the views or perspectives of the County of Los Angeles. They are intended to provide the stakeholder groups the opportunity to provide their unabridged opinion to the Board of Supervisors when considering adoption of an option. Divergent views have not been edited in any fashion, nor have they been validated for accuracy.*** The Auditor-Controller did not participate in the Work Group's decision-making process for each option in order to ensure their independent role in assessing program integrity, fraud, and/or enforcement of GR program rules, as well as in assessing projected costs savings and any actual evidence of program fraud.

Two reports have been produced: 1) A comprehensive analysis of the eleven options and 2) the Auditor-Controller's program integrity and fraud analysis report. The two reports provide a broad perspective of the GR program.

### Recommendations

The table below summarizes the results of the Work Group's assessment of each option:

<b>Consensus to Recommend</b>	<b>Option E:</b> Elimination of Shared Housing Deduction
	<b>Option I:</b> Administratively Unemployable Category ( <i>With Modifications</i> )
	<b>Option G:</b> Additional Eligibility Workers ( <i>Defer to Pilot</i> )
	<b>Option H:</b> Additional General Relief Opportunities for Work (GROW) Case Managers ( <i>Defer to Pilot</i> )
	<b>Option K:</b> Mental Health Treatment for Participants Pursuing SSI ( <i>Defer to Pilot</i> )
<b>Consensus to Not Recommend</b>	<b>Option A:</b> In-Kind Assistance
	<b>Option C:</b> Property and Asset Limit
	<b>Option F:</b> GR Time Limit Change
<b>Divergent Views</b>	<b>Option B:</b> Sanction Policy
	<b>Option D:</b> Residency Verification
	<b>Option J:</b> Additional SSIMAP Staff

The Work Group gained consensus to recommend two options to the Board – eliminating the shared housing deduction (Option E) and modifying the Administratively Unemployable category (Option I). Eliminating the shared housing deduction has an estimated ongoing annual net County cost (NCC) of \$5.3 million. The Auditor-Controller has indicated that Option E has the potential to reduce an element of fraud by eliminating one of the financial incentives for a GR participant to conceal shared housing. Modification to the Administratively Unemployable category has minimal fiscal impact. The Work Group modification is recommended to better serve the GR participants within this category. The Auditor-Controller determined Option I would have negligible impact on fraud or program integrity.

The Work Group also gained consensus to defer three options to current or future pilots, including adding Eligibility Workers (Option G), adding GROW Case Managers (Option H), and providing mental health treatment to participants pursuing SSI (Option K). Once these pilots are completed, evaluations will be conducted to determine their impact on the GR program.

The Work Group did not gain consensus on changing the sanction policy (Option B), requiring residency verification (Option D), or conducting a pilot to add SSIMAP staff (Option J).

- **Option B: Sanction Policy** – DPSS and the CEO are supportive of changing the existing 0/30/60-day progressive sanction policy to a 30/60/90-day progressive sanction for individuals who are non-compliant with employable requirements without good cause. Both the legal and the homeless & housing advocates do not support increasing the sanction timeframes. The PSS Commission supports the existing 0/30/60-day progressive sanction policy, but also supports moving to a 30/60/90-day sanction policy with a sunset period and review after 6-12 months.
- **Option D: Residency Verification** – DPSS and the CEO are supportive of imposing a residency verification requirement for temporarily unemployable (excluding those that are deemed Needs Special Assistance) and administratively unemployable participants (. Both the legal and the homeless & housing advocates are not supportive of the residency verification option. The PSS Commission supports a residency verification process for this population, however on an annual, rather than a quarterly, basis.

- **Option J: Additional SSIMAP Staff Pilot** – Until an evaluation of the SSI GR-Restructuring efforts is completed, DPSS and the CEO are not supportive of conducting a pilot to add SSIMAP staff at this time. The legal advocates, homeless & housing advocates, and the PSS Commission are supportive of this option.

### *Auditor-Controller Analysis*

The Auditor-Controller conducted a general overview of fraud in the GR program. The Auditor-Controller's overview is attached as Part B to this report, and considered a dependent component to be read in conjunction with this Work Group's Part A report. The Auditor-Controller's review included analyzing available data provided by DPSS, touring three GR District Offices (Rancho Park, South Central, and South Special), and interviewing selected managers and staff.

A potential area of concern at the outset of this review was out-of-county residents applying for and receiving Los Angeles County GR benefits. However, through review of Electronic Benefits Transfer (EBT) data, the Auditor-Controller concluded there is minimal fraud relative to out-of-county residency within the GR population. EBT cards are used by both GR and CalFresh participants and each transaction can be tracked by location. Approximately 95% of GR participants are also CalFresh users, and CalFresh transactions are a stronger indicator of residency as they are made multiple times a month as opposed to the GR grant which is typically withdrawn in one transaction. The Auditor-Controller found that the rate of out-of-county EBT usage for participants who are on both GR and CalFresh was consistent with the rate of out-of-county EBT usage for participants who are on both CalWORKs and CalFresh. There is no incentive for a CalFresh recipient to use his/her benefits outside of their county of residence, as these benefits are the same Statewide. The Auditor-Controller further concluded that the current DPSS systems in place are sufficient to monitor and correct this type of fraud when it occurs.



# INTRODUCTION

### Purpose

The purpose of this report is to present the Board of Supervisors with the Work Group's final recommendations for each of the eleven options, accompanied by relevant data, fraud and program integrity analysis, fiscal impact, and potential impact to constituents. These final recommendations were developed through a joint effort by the Board Deputies, CEO, DPSS, legal advocates, homeless & housing advocates, and the PSS Commission. The Auditor-Controller participated in Work Group discussions, but was not part of the voting process for the Work Group's recommendations.

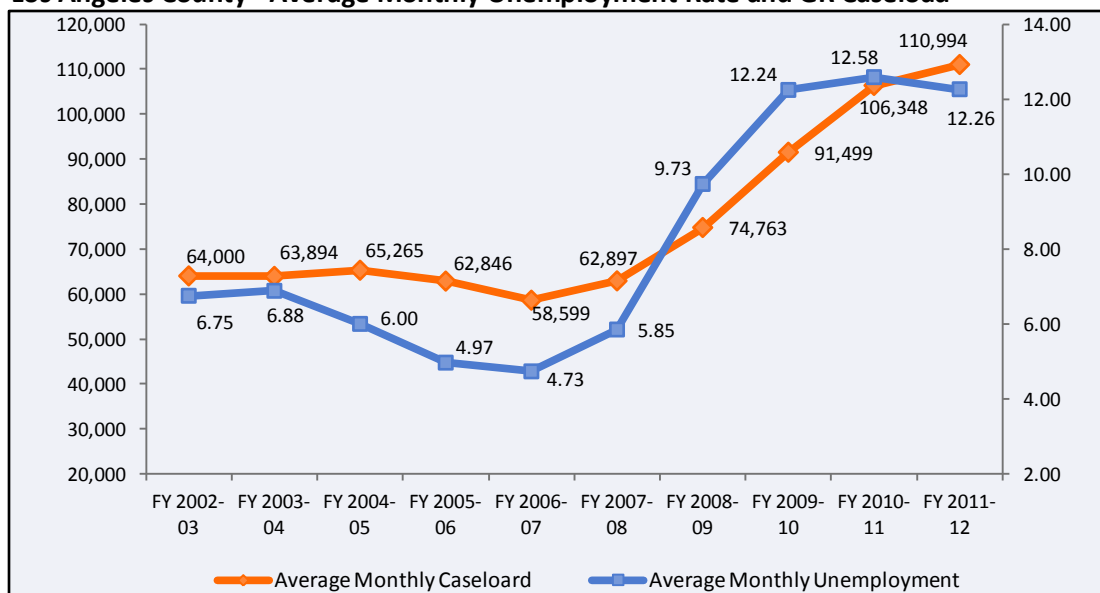
### Background

DPSS administers the GR Program, a County-funded, State-mandated program that provides financial assistance to indigent adults who are ineligible for federal or State programs. An average GR case consists of one person, living alone, with very little to no income or resources. The maximum monthly GR grant provided to an eligible participant is \$221.

Although the GR Program experienced a relatively constant caseload from 2002-2007, the program has seen a considerable caseload increase from 2007-2011. During this period, there was a dramatic increase in GR applications and resulting caseloads. From FY 2002-03 through FY 2006-07, the GR caseload decreased from 64,000 to 58,599. However, since FY 2006-07, the average monthly GR caseload has steadily grown from 58,599 to 106,348 in FY 2010-11 – a rise of nearly 82%.

The dramatic increase in GR caseloads from 2007 through 2011, appear to mirror the unemployment rate in L.A. County. During the start of the economic downturn in late 2007, the monthly unemployment rate and GR caseload began to increase. During this time period, the monthly average unemployment rate nearly tripled from 4.73% to 12.58%. The graph below illustrates the relationship between the GR caseload and the unemployment rate.

**Los Angeles County - Average Monthly Unemployment Rate and GR Caseload**



Data Source: Employment Development Department & LEADER FY 2002-03 to FY 2011-12 (through November)

Recent trends, however, show a decline in the GR caseload. Since it peaked at 113,334 in August 2011, the caseload has declined each month since, reaching 105,702 in March 2012.

### *Board Motion*

In response to the April 19, 2011 Board Motion to develop a comprehensive plan to reduce costs for administering the GR Program, the CEO and DPSS presented the Board with eleven options on August 3, 2011. On October 18, 2011, the Board approved the following motion which directed the CEO, DPSS, and community advocates to provide their recommendations for the eleven options:

*As the state and local unemployment rate remain extraordinarily high, more county residents continue to look to the County for assistance. Nowhere is this more evident than in the General Relief program, where the caseload has nearly doubled from 58,000 in January 2007 to 112,000 in July 2011. Throughout this time period, there has been a strong, direct relationship between the high unemployment rate and the rising GR caseload.*

*In February 2010, the Board unanimously approved a comprehensive plan' to restructure the GR Program. The GR Restructuring Plan focuses on strengthening efforts to assist GR participants with accessing one of the two positive paths for leaving GR: employment or State/federal disability assistance programs, primarily SSI/SSP. These efforts are already producing positive results: in FY 2010-11, over 16,000 individuals transitioned-off of GR into jobs and 8,380 individuals transitioned off of GR onto State/federal disability assistance programs.*

*Notwithstanding the early success of GR Restructuring, we need to consider additional steps to address the high GR caseload and associated net County cost expenditures. In this regard, in April 2011, this Board directed the CEO and DPSS to develop and submit a menu of options to reduce costs for administering the GR Program, and those options were submitted in August. It is now appropriate to review those options to determine which options would increase the integrity of the GR program, reduce fraud, and/or strengthen enforcement of program rules. Though we cannot control the increase in the legitimate need for assistance, we have an obligation to ensure that General Relief is only provided to needy Los Angeles County residents who comply with the rules of the program.*

*I, THEREFORE, MOVE THAT the Board of Supervisors direct the Chief Executive Officer, the Auditor-Controller, and the Acting Director of Public Social Services to assess the potential of each of the options submitted by the CEO and DPSS in August 2011 to increase GR program integrity, reduce fraud and/or strengthen enforcement of GR program rules, and submit a joint recommendation on whether to adopt any of the options within 90 days.*

*Amendment by Supervisor Yaroslavsky: I, THEREFORE, MOVE that the Board of Supervisors direct the Chief Executive Office, the Auditor-Controller, and the Acting Director of Public Social Services in consultation with the advocate community who include, but are not limited to, Public Counsel Law Center, Legal Aid Foundation of Los Angeles and Neighborhood Legal Services of Los Angeles County, to assess the potential of each of the options submitted by the CEO and DPSS in August 2011 to increase GR program integrity, reduce fraud and/or strengthen enforcement of GR program rules, and submit a joint recommendation on whether to adopt any of the options.*

*Amendment by Mark Ridley-Thomas: This written assessment by the Chief Executive Officer, Auditor-Controller, and the Acting Director of Public Social Services shall include the projected cost savings and expenditures of each August 2011 option, and any other options, as well as any actual evidence of program fraud.*

*Summary of Eleven Options*

The eleven options are listed in the table below with a description and final recommendation. The Work Group analyzed and assessed these options using an established scope of work and methodology as described in the following section.

Option	Description of Option	Work Group Recommendation
A	Provide an in-kind housing benefit of \$266 and a cash payment of \$20 to temporarily or administratively unemployable GR participants who are neither searching for work nor pursuing federal disability benefits for an extended period of time.	Not Recommended
B	Change the existing 0/30/60-day progressive sanction penalty to a 30/60/90-day or 60/120/180-day progressive sanction penalty when GR participants refuse or fail to comply with the GR employable requirements without good cause.	Divergent Views
C	Change the County Code to reduce the maximum allowable property assets for GR participants to no more than \$500 of personal property including cash on hand or in bank accounts.	Not Recommended
D	Require all GR applicants/participants to provide verification of their residency in Los Angeles County as a condition of eligibility.	Divergent Views
E	Eliminate the current shared housing deduction (i.e. \$34 reduction from \$221/month to \$187/month) which prorates the GR grant based on the total number of people in the GR household.	Recommended
F	Pursue a State legislative change to W&I Code Section 17001.6(f)(1) to enable the County to impose a time limit of no more than six months out of a 12-month period for employable participants (instead of the current 9 out of 12 months), and still maintain the GR grant for all participants at \$221/month.	Not Recommended
G	Approve funding to support additional Eligibility Workers (EWs) to alleviate the current high GR EW caseloads and to more effectively administer GR program rules.	Defer to Current Pilot
H	Increase the number of Greater Avenues for Independence (GAIN) Services Workers in the GROW program to alleviate the current high GROW caseloads to ensure participants comply with GROW program rules and to increase employment.	Defer to Current Pilot
I	Revise the current Administratively Unemployable (AU) criteria to eliminate 8 of the current 13 Administratively Unemployable criteria.	Recommended with Modifications
J	Hire 10 additional GR SSIMAP Advocates and 1 GR SSIMAP Supervisor for a pilot to test whether a reduced caseload would secure a sufficiently higher number of SSI approvals and/or obtain faster SSI approvals to offset the NCC of additional GR SSIMAP staff.	Divergent Views
K	Approve funding to provide mental health treatment to potentially SSI-eligible GR participants who have mental health illnesses, but lack sufficient treatment documentation to support their SSI applications.	Defer to Future Pilot

### *Scope and Methodology*

The Work Group developed a comprehensive scope of work in order to effectively respond to the Board motion. This scope consisted of evaluating and assessing all eleven options based on the guidelines set forth by the Board motion, including evaluating potential evidence of fraud, compiling data, conducting a fiscal analysis, and developing and finalizing this two-part report including a Work Group report as Part A, and the Auditor-Controller's report as Part B.

To evaluate and assess all eleven options based on the guidelines set forth in the Board motion, the Work Group developed a standard template and methodology. The template and methodology were used to determine relevant data elements and sources (both internal and external) to be used to perform an analysis, assess potential impact to constituents if the option were implemented, evaluate the financial impact on the program such as potential savings, caseload impact, related (direct and indirect) County costs, and whether the implementation of the option could mitigate the risk of fraud (if evidence of fraud exists) and/or increase program integrity.

To evaluate potential evidence of fraud, the Auditor-Controller was designated as the responsible entity for conducting an evaluation and assessment of existing GR program data to identify potential areas of fraud. The Auditor-Controller was responsible for reviewing their findings with the Work Group to assess and determine whether there is evidence of existing fraud, and if so, whether it is an increasing problem within the GR program now as compared to years past.

The GR end-to-end business process (Attachment B) was mapped out in order to achieve a uniform understanding of the general GR process within the Work Group. To compile and conduct the data and fiscal analysis for each option, data was gathered and analyzed to assist the team in making final implementation recommendations. Data was collected from LEADER, MAPPER (the GROW computer system), manual DPSS reports, DPSS financial reports, data compiled by CEO Service Integration Branch, and any reputable external data source relevant to General Relief/Assistance such as the Economic Roundtable Reports and U.S. Census data. Financial data was collected from the DPSS Financial Management Division staff that provided their expertise in analyzing and estimating the potential caseload impact and program costs and savings associated with each option if implemented. Implementation considerations were included in the option template when the Work Group had consensus to recommend the option to the Board.

During meetings held from January-April 2012, members reviewed the options templates to determine whether each option should be recommended for adoption to the Board. The Work Group's final recommendation for each option was made through an agreed upon and systematic process. The Work Group used a consensus decision-making process whereby each stakeholder group in the Work Group was represented by one vote. These voting groups consisted of the CEO, DPSS, PSS Commission, legal advocates, and homeless & housing advocates. The Auditor-Controller was not a voting stakeholder group as their role was to provide an assessment and analysis of the options specifically focused on program integrity and reducing/mitigating fraud rather than on the programmatic merits of each option. Consensus was reached when all stakeholder groups had unanimous agreement on whether to recommend or not recommend the option to the Board. For options where consensus was not reached, each stakeholder group was provided the opportunity to document their divergent view along with their supporting justification. *Divergent views are solely the opinions of the author stakeholder group and do not reflect the views or perspectives of the County of Los Angeles. They are intended to provide the stakeholder groups the opportunity to provide their unabridged opinion to the Board of Supervisors when*

considering adoption of an option. Divergent views have not been edited in any fashion, nor have they been validated for accuracy.

To develop and finalize the report, the Work Group compiled the option templates and supporting appendices. Each stakeholder had the opportunity to provide their feedback to the final report.

### *Work Group Membership*

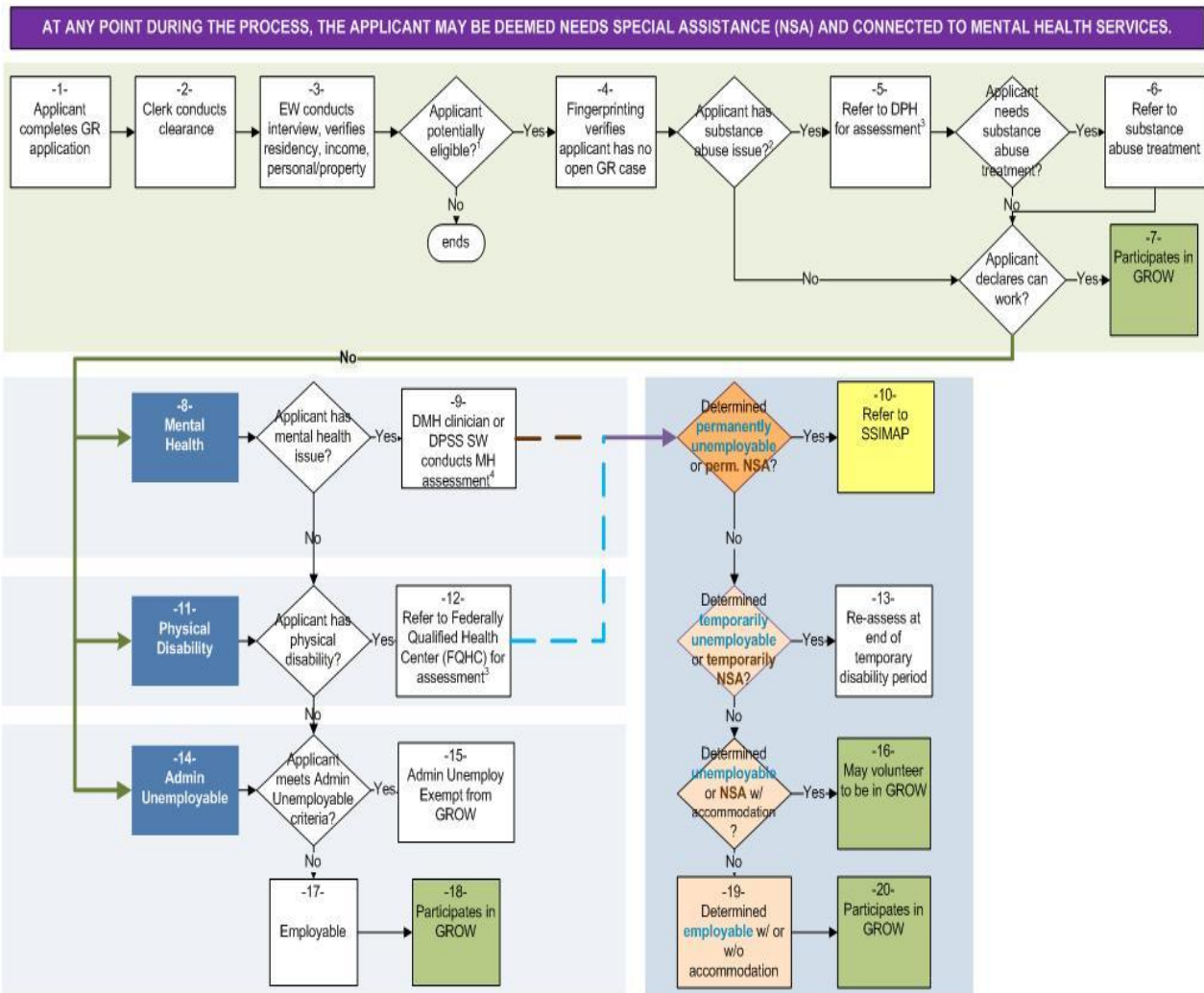
<i>Board Offices</i>		<i>CEO Office</i>	<i>DPSS</i>	
<ul style="list-style-type: none"> <li>▪ Barbarian, Helen (5th District)</li> <li>▪ Drew-Ivie, Sylvia, (2nd District)</li> <li>▪ Gil-Krisiloff, Flora (3rd District)</li> <li>▪ Ipolitto, Nick (4th District)</li> <li>▪ Mandel, Lisa (3rd District)</li> <li>▪ Ramirez, Fernando, (2nd District)</li> <li>▪ Springsong, Cooper (1st District)</li> </ul>		<ul style="list-style-type: none"> <li>▪ Flores, Seira</li> <li>▪ Jiménez, Antonia</li> <li>▪ Moreira, Zoila</li> <li>▪ Moreno, Manuel</li> <li>▪ Toros, Halil</li> </ul>	<ul style="list-style-type: none"> <li>▪ Alfaro, Frances</li> <li>▪ Ansell, Phil</li> <li>▪ Diggs, LaShonda</li> <li>▪ Dillard, Stephanie</li> <li>▪ Kirk, Corneitha</li> <li>▪ Jones, Queen</li> <li>▪ Lewis, Sheri</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lillard, Judith</li> <li>▪ Lupe, Luque</li> <li>▪ Maston, Carol</li> <li>▪ Salazar, Angelo</li> <li>▪ Spiller, Sheryl</li> <li>▪ Veals, Dennis</li> </ul>

<i>Auditor-Controller</i>	<i>Legal Advocates</i>		<i>Homeless Advocates</i>	<i>PSS Commission</i>
<ul style="list-style-type: none"> <li>▪ Smythe, Robert</li> <li>▪ Thomas, Judi</li> <li>▪ Zelenski, Guy</li> </ul>	<b><i>Inner City Law</i></b> <ul style="list-style-type: none"> <li>▪ Miyashita, Avako</li> <li>▪ Terrell, Brett</li> </ul>	<b><i>Public Counsel</i></b> <ul style="list-style-type: none"> <li>▪ Khalili-Borna, Christine</li> <li>▪ Post, Eric</li> </ul>	<b><i>Corporation for Supportive Housing</i></b> <ul style="list-style-type: none"> <li>▪ Rapport, Sharon</li> </ul> <b><i>Shelter Partnership</i></b> <ul style="list-style-type: none"> <li>▪ Wickrema, Dhaksike</li> <li>▪ Schwartz, Ruth</li> </ul>	<ul style="list-style-type: none"> <li>▪ Parsons, John</li> <li>▪ Toliver, LaFrance</li> </ul>

*General Relief Application Process*

The below flow chart provides a high-level overview of the GR process. Detailed flow charts of the process can be found in Attachment B.

High-Level General Relief Process for Applicant**Notes:**

<sup>1</sup> Potentially eligible means that a GR applicant has successfully completed the GR application packet, been cleared by the case opening clerk, completed his/her initial interview with the EW, and information gathered thus far does not disqualify him/her from the GR program, pending additional evaluation and documentation/verification.

<sup>2</sup> Substance abuse assessment may be simultaneously conducted with mental health, physical disability, and administratively unemployable determinations.

<sup>3</sup> If applicant does not attend substance abuse screening their application is denied.

<sup>4</sup> For **assessment of mental health**, a determination of permanently or temporarily Needs Special Assistance is made. For **assessment of physical disability**, a determination of permanently or temporarily employable or unemployable is made.

# OPTIONS ANALYSIS



# OPTIONS WITH CONSENSUS TO RECOMMEND

<i>Option E: Elimination of the Shared Housing Deduction.....</i>	<i>17</i>
<i>Option I: Administratively Unemployable Category.....</i>	<i>21</i>
<i>Option G: Additional Eligibility Workers (Defer to Pilot).....</i>	<i>30</i>
<i>Option H: Additional GROW Case Managers (Defer to Pilot).....</i>	<i>35</i>
<i>Option K: Mental Health Treatment for Participants Pursuing SSI.....</i>	<i>39</i>

**Option E: Elimination of the Shared Housing Deduction** – Eliminate the current shared housing deduction (i.e. \$187/month) which prorates the GR grant based on the total number of people in the GR household.

### **A. Description of Option**

The County could eliminate the current shared housing deduction which prorates the GR grant based on the total number of people sharing housing. DPSS believes that of the 59% of GR participants who apply as homeless, some may actually be housed, however, their residence is not reported, possibly to avoid the shared housing deduction so they can receive the full GR grant.

### **B. Potential Impact to Constituents**

If this option were implemented, GR participants who disclose that they are sharing housing with other individuals would no longer receive a shared housing deduction. They would be eligible to receive the maximum \$221/month GR grant, similar to an individual who does not share housing.

### **C. Current Policy**

#### **GR Policy: GR 44-207**

Shared housing means that the individual does not meet the conditions for living alone. A GR Unit is considered to be in a shared housing situation in the following instances:

- Lives with others.
- The GR Unit lives on the same property with others who either:
  - Sleep in the same quarters or with the GR Unit, or
  - Purchase and prepare food together with the GR Unit.

Note: A GR Unit is either a person or married couple who are eligible to receive GR benefits. The GR household includes all persons living at the same address, excluding those receiving State or federal public assistance (CalWORKs, Supplemental Security Income/Social Security Payment, Cash Assistance Program for Immigrants).

#### **GR Policy: 44-208**

When a GR Unit shares housing, the total number of people sharing housing is used to prorate the GR grant for the household size. This computation is automated within LEADER.

**Applicable Statutes and Regulations****W&I Code 17001.5**

Notwithstanding any other provision of law, including, but not limited to, Section 17000.5, the board of supervisors of each county, or the agency authorized by the county charter, may establish a standard of general assistance for applicants and recipients who share housing with one or more unrelated persons or with one or more persons who are not legally responsible for the applicant or recipient. The standard of general assistance aid established pursuant to Section 17000.5 for a single adult applicant or recipient may be reduced pursuant to this paragraph by not more than the following percentages, as appropriate:

- Fifteen percent if the applicant or recipient shares housing with one other person.
- Twenty percent if the applicant or recipient shares housing with two other persons.
- Twenty-five percent if the applicant or recipient shares housing with three or more other persons.

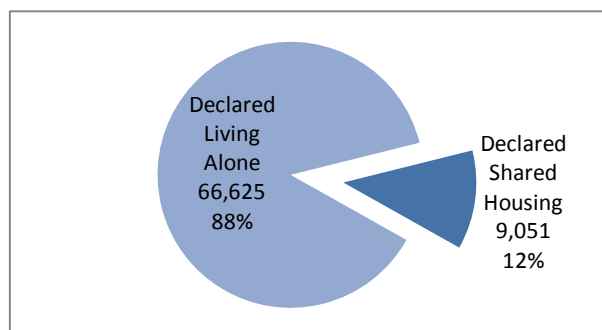
Any standard of aid adopted pursuant to this paragraph shall constitute a sufficient standard of aid for any recipient who shares housing.

**D. Business Process**

Not applicable to this option.

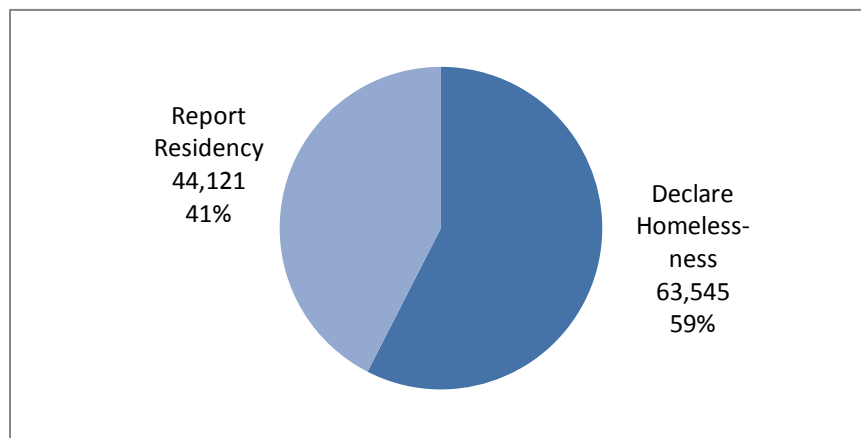
**E. Relevant Data**

1. Number of GR participants who declare shared housing
2. Percentage of GR participants who declare homelessness

**1. NUMBER OF GR PARTICIPANTS WHO DECLARE SHARED HOUSING**

*Data Source: LEADER as of January 1, 2012*

Note: This chart depicts only those individuals who were eligible and approved as of January 1, 2012. It does not include approximately 10,000 terminations and 12,000 newly approved applications typically processed in a month.

**2. PERCENTAGE OF GR PARTICIPANTS WHO DECLARE HOMELESSNESS**

*Data Source: LEADER monthly average from 9/2010 through 8/2011*

**F. Financial Analysis**

GR Caseload	Estimated Percent Shared Housing	Number in Shared Housing	Shared Housing Deduction per Year	Estimated Annual Cost
107,656	12%	12,919	\$408	<b>\$5,270,838</b>

In November 2011, the GR caseload was 107,656, and we can estimate that 12% or 12,919 individuals declared shared housing based on Relevant Data #1.

- For individuals in shared housing, a reduced GR grant of \$187 is currently provided instead of the \$221 grant ( $\$221 - \$187 = \$34$ ).
- If we eliminate the shared housing penalty of \$34 per case/month or \$408 per case/year, then the estimated cost of eliminating the shared housing deduction is \$5,270,838 (12,919 cases x \$408/year).

**G. Fraud and Program Integrity Analysis**

Option E has the potential to reduce an element of fraud by eliminating one of the financial incentives for a GR participant to conceal that he/she is sharing housing. The participant's concealment of shared housing is likely done to avoid what the participant perceives as a punitive proration of his/her GR benefits. Therefore, eliminating the proration could result in fewer participants concealing their actual living arrangements. The basis for the proration is the recognition that two people living together is less costly than maintaining separate living arrangements.

Option E also likely reduces the incentive of participants who declare themselves homeless as a means of avoiding potential clues toward disclosure of their practice of cohabitation with another person. This Option would likely not reduce other incentives for declaring oneself homeless such as the immediacy of aid approval, and the greater flexibility with respect to a participant's CalFresh

spending choices. A more detailed discussion of issues related to applicants' claims of homelessness is provided in the Auditor-Controller's report.

A GR recipient's \$221 monthly aid is reduced by \$34, to \$187, when the recipient is sharing housing with another person. Thus, elimination of the shared housing deduction would increase the County's annual GR aid costs by approximately \$5.27 million for the roughly 12,900 participants who currently acknowledge that they are sharing housing.

## H. Option Recommendation

Is this option being recommended to the Board of Supervisors?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Is there team consensus on this recommendation?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

### *Recommendation Rationale*

Under existing policy, the GR grant is reduced when a participant discloses that he or she shares housing with other individuals. This policy may have the unintended consequence of discouraging participants from sharing housing with other individuals. Shared housing is beneficial to a GR participant as it reduces living costs which can promote self-sufficiency.

In addition, the shared housing deduction may discourage individuals from disclosing that they are sharing housing and instead encourage them to self-declare homelessness. When a participant declares homelessness their GR notifications are mailed to the District Office to be picked up by the participant. Frequently services are interrupted or terminated because participants may not receive their notifications from the district office. If a participant provides their residency information, communication of information will improve which will lead to better coordination of services and reduced sanctions.

By eliminating the shared housing deduction, participants will no longer be discouraged from sharing housing with other individuals, or incentivized to declare homelessness in order to avoid the shared housing deduction. In addition, participants who do share housing may receive notices at an address other than the GR District Office.

## I. Divergent Views

Not applicable to this option.

## J. Implementation Considerations

If this proposal is adopted, GR Intake EWs will explain this rule change to new applicants, while EWs handling approved, ongoing caseloads will explain this new rule to existing GR participants at redetermination.

**Option I: Administratively Unemployable** – Five of the 13 criteria currently used to determine whether an individual is administratively unemployable (AU) would remain, one criterion would be modified, and six criteria would be eliminated.

### **A. Description of Option**

The Administratively Unemployable (AU) category is a status designated for individuals who are unable to work for reasons other than a disability. However, some individuals in the category may actually be disabled, but they have not been assessed for a disability because they meet one of the AU criterion. This category is not mandated by the W&I Code, County Code, or any lawsuit. This is a category that the County created to assist individuals whose circumstances are perceived as barriers to employment. The AU category has been re-evaluated to assess its applicability to the County's goal of restructuring the GR program to focus on positive outcomes for the GR population. This option proposes one of the following actions for each of the AU criteria: 1) remain an AU criterion; 2) remain an AU criterion with modification; and 3) eliminate as an AU criterion.

### **B. Potential Impact to Constituents**

If this option were implemented, some AU participants would no longer be determined AU and would be designated another status. Individuals deemed employable through self-declaration or by a DMH/contracted medical provider would be referred to GROW and would be subject to sanctions and time limits. Individuals deemed unemployable would be given the appropriate unemployable status.

### **C. Current Policy**

#### **GR Policy: 41-202**

AU means, in most cases, that there are reasons other than physical or mental incapacity which prevent the individual from finding, accepting or continuing existing employment. An individual is determined to be AU when one or more of the AU criteria are met.

### **D. Business Process**

If a GR applicant is unable to work, does not have a physical or mental disability, and meets any criteria to be designated as AU, then he or she is exempt from the GROW program.

**E. Relevant Data**

Relevant data elements include:

1. Number of individuals in each AU category
2. Number of pregnant AU participants enrolled in limited-scope Medi-Cal
3. Median number of months between being designated AU by administrative decision and the AU status end-date

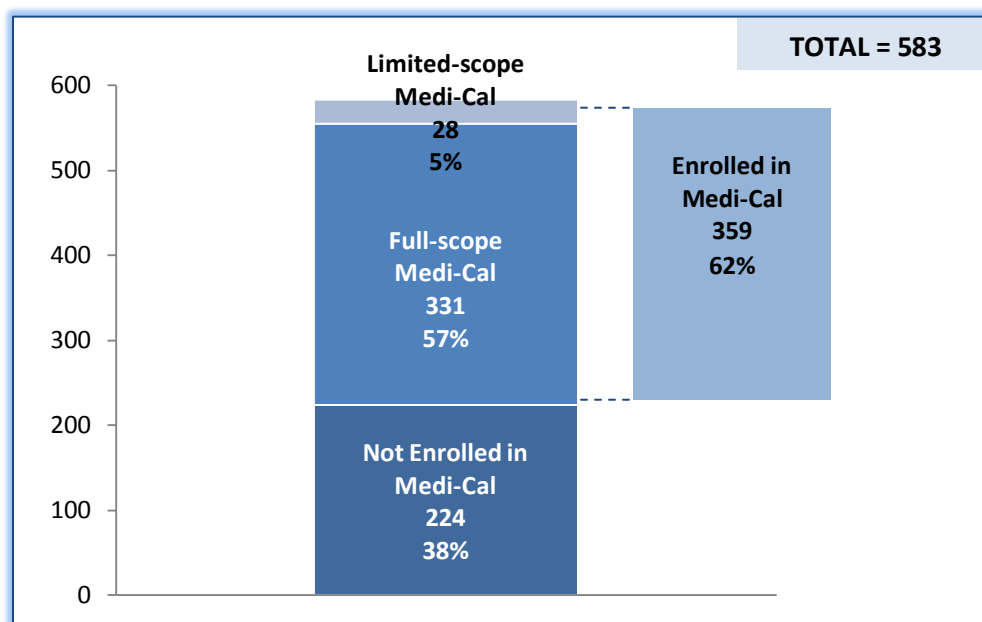
**1. NUMBER OF INDIVIDUALS IN EACH AU CATEGORY**

Criteria	#
1. Enrolled/pre-enrolled in a California Department of Rehabilitation training program.	2,387
2. Provides full-time care to an incapacitated family member who resides with the GR participant.	1
3. Age 17 years old or younger.	2
4. Age 18 and participating in an acceptable course of study, which is expected to complete prior to their 19th birthday.	52
5. Provides care to a child within the GR household who is under one year of age.	3
6. Pregnant (and not yet eligible for CalWORKs).	583
7. Age 65 years or older.	208
8. Age 60-64 years of age and not designated unemployable, Need Special Assistance or permanently unemployable.	3,053
9. Requesting GR pending receipt of first paycheck.	0
10. Applicant is requesting to return to his/her legal residence and is awaiting final arrangements for transportation.	0
11. Participating in the Mandatory Substance Abuse Recovery Program (MSARP) and both of the following conditions exist: <ul style="list-style-type: none"> <li>• The parent has a child placed in foster care by court order;</li> <li>• There is a reunification plan.</li> </ul>	0
12. Administratively determined AU by the District Director/Deputy District Director.	3,617
13. VAWA (Violence Against Women Act) individuals who have not received their Employment Authorization from United States Citizenship and Immigration Services (USCIS).	0

Data Source: LEADER August 2011

Note: Includes approved cases only.

## 2. PREGNANT AU PARTICIPANTS ENROLLED IN MEDI-CAL



Data Source: LEADER August 2011

## 3. MEDIAN NUMBER OF MONTHS AU PARTICIPANTS IN THE ADMIN DECISION CATEGORY ARE DESIGNATED AU

	#
Median months between being designated AU by Admin Decision and end-date	4

Data Source: LEADER August 2011

*Note: Under current policy it is not required to input an end-date for AU participants. Only participants with an end-date indicated in LEADER are included in this analysis.*

## F. Financial Analysis

The Work Group gained consensus to keep all 12 AU criterion, with modification to the following two populations:

- 60-61 years olds
- Admin decision categories (AU based on mental health issue; AU based on non-MH issue)

Please refer to section H. Option Recommendation for more information on the proposed modifications.



## 60-64 Years Old

The Work Group proposes that individuals who are between the ages of 60 and 64 will be assessed for unemployability, and will only be designated AU if they are not found to be unemployable. This is intended to provide access to these participants to services for unemployable participants, particularly SSI advocacy. In addition, individuals will be required to apply for Social Security benefits at age 62 (unless they have limited or no work experience). Since it is not possible at this time to predict how many individuals in this category would be referred and subsequently approved for SSI or Social Security, we present varying rates of SSI and Social Security approval and their associated savings.

60-64 Year Olds	Population	Monthly Grant Savings	Annual Grant Savings <sup>1</sup>	IAR <sup>2</sup>
	3,053	\$221	\$2,652	\$1,941
SSI/Social Security Approval Rate	Population	Monthly Grant Savings	Annual Grant Savings <sup>1</sup>	IAR <sup>2</sup>
1%	31	\$6,747	\$80,966	\$60,171
5%	153	\$33,813	\$405,756	\$296,973
10%	305	\$67,405	\$808,860	\$592,005
15%	458	\$101,218	\$1,214,616	\$888,978
25%	763	\$168,623	\$2,023,476	\$1,480,983

<sup>1</sup> Annual Grant savings is  $\$221 \times 12 \text{ months} = \$2,652$ .

<sup>2</sup> IAR is based on actual monthly average from July 2011 through February 2012, \$1,941. IAR will only be realized for individuals approved for SSI, not for individuals approved for Social Security benefits.

## Administrative Decision by District Director/Deputy District Director

The Work Group proposes the following modifications for individuals in this category:

- AU Due to Mental Health Reason:** After the initial 3-month AU status expires, individuals given AU status due to mental health reasons will be given temporarily NSA status for one month. District Directors/Deputy District Directors will have the discretion to extend the Temporarily NSA status every three months, in order to provide the participant an opportunity to attend a mental health assessment with a licensed DMH clinician. Once their mental health needs are assessed, they may be connected to SSIMAP if appropriate.

In order to roughly estimate the number of participants in the AU Admin Decision category due to a mental health reason, the ratio of unemployable participants for the entire GR population was used. Unemployables make up 62.6% of the general GR population. As of August 2011, there were 3,617 participants in the AU Admin Decision category. Therefore, for purposes of this financial analysis, we are estimating that approximately 2,262 are due to a mental health reason. Under the proposed modification, many of these individuals will receive a mental health assessment and will be referred to SSIMAP. However, it is not possible to predict how many individuals will be approved for SSI. Therefore, we have calculated projected savings based on a 1%, 5%, 10%, 15%, and 25% SSI approval rate:

## OPTION I: ADMINISTRATIVELY UNEMPLOYABLE CATEGORY

AU Due to Mental Health Reason	Population	Monthly Grant Savings	Annual Grant Savings <sup>1</sup>	IAR <sup>2</sup>
	2,264 <sup>1</sup>	\$221	\$2,652	\$1,941
SSI Approval Rate	Population	Monthly Grant Savings	Annual Grant Savings <sup>1</sup>	IAR <sup>2</sup>
1%	23	\$5,003	\$60,041	\$43,944
5%	113	\$25,017	\$300,206	\$219,721
10%	226	\$50,034	\$600,413	\$439,442
15%	340	\$75,052	\$900,619	\$659,164
25%	566	\$125,086	\$1,501,032	\$1,098,606

Data Source: LEADER August 2011

<sup>1</sup>Annual Grant savings is \$221 x 12 months = \$2,652.

<sup>2</sup>IAR is based on actual monthly average July 2011 thru February 2012, \$1,941.

- AU Not Due to Mental Health Reason:** After the initial 3-month AU status expires, individuals given AU status due to non-mental health reasons will receive an appointment to see the Employment Specialist at their District Office. If the individual is able to work they will be referred to GROW. Otherwise they will be referred for a disability assessment or mental health assessment. They may lead to designation as permanently unemployable and to SSIMAP.

In order to roughly estimate the number of participants in the AU Admin Decision category not due to a mental health reason, the ratio of employable participants for the entire GR population was used. Employables make up 37.4% of the general GR population. As of August 2011, there were 3,617 participants in the AU Admin Decision category. Therefore, for purposes of this financial analysis, we are estimating that approximately 1,353 are not due to a mental health reason.

Under the proposed modification, some individuals may be given a physical disability assessment or a mental health assessment and subsequently referred to SSIMAP. Individuals that are approved for SSI will produce grant savings for the County. In addition, some of these individuals may self-declare that they are able to work and will be referred to GROW. For these individuals, they may either exit GR due to finding employment or meeting the nine month time limit. It is not possible to predict how many individuals would be referred to SSIMAP and subsequently approved for SSI, or how many would be referred to GROW and subsequently exit GR. Therefore, we have calculated projected savings based on both a 1%, 5%, 10%, 15%, and 25% SSI approval rate and GROW completion rate:

Non-Mental Health AU Population	1,353
---------------------------------	-------

## OPTION I: ADMINISTRATIVELY UNEMPLOYABLE CATEGORY

SSIMAP Participants	GR SSIMAP Population <sup>1</sup>	Monthly Grant Savings	Annual Grant Savings <sup>2</sup>	IAR
	128	\$221	\$2,652	\$1,941
SSI Approval Rate	GR SSIMAP Population <sup>1</sup>	Monthly Grant Savings	Annual Grant Savings <sup>2</sup>	IAR
1%	1	\$283	\$3,402	\$2,490
5%	6	\$1,417	\$17,008	\$12,448
10%	13	\$2,834	\$34,016	\$24,896
15%	19	\$4,252	\$51,024	\$37,344
25%	32	\$7,087	\$85,039	\$62,240

GROW Participants	GROW Population <sup>3</sup>	3 Months Grant Savings
	671	\$663
GROW Completion Rate	GROW Population <sup>3</sup>	3 Months Grant Savings
5%	34	\$22,251
10%	67	\$44,502
15%	101	\$66,753
25%	168	\$111,255

Data Source: LEADER August 2011

<sup>1</sup> Based on applying the rate of 9.5% of permanent unemployable GR participants to the 3,617 participants in this category.

<sup>2</sup> Annual Grant savings is \$221 x 12 months = \$2,652.

<sup>3</sup> Based on applying the rate of 49% of employable GR participants to the 3,617 participants in this category.

<sup>4</sup> IAR is based on actual monthly average July 2011 thru February 2012, \$1,941.

### G. Fraud and Program Integrity Analysis

There is likely very little impact on fraud from Option I except to the extent that a participant can somehow falsify criteria that qualifies them for a designation of AU. We have no data to support to what extent, if any, this would occur, and the realistic significance for Option I impacting fraud related to falsified AU is probably negligible.

### H. Option Recommendation

Is this option being recommended to the Board of Supervisors?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Is there team consensus on this recommendation?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

#### Recommendation Rationale

This option is being recommended with several modifications. After considering each criterion proposed to be eliminated or modified in the August 2011 Board memo, it is recommended that no AU criterion be eliminated from the AU category. The following outlines the categories that are

## OPTION I: ADMINISTRATIVELY UNEMPLOYABLE CATEGORY

recommended to remain AU criterion, followed by criterion that is recommended to remain in the AU category and their proposed modifications.

CATEGORIES TO REMAIN ADMINISTRATIVELY UNEMPLOYABLE	
1.	Enrolled/pre-enrolled in a California Department of Rehabilitation (DOR) training program.
2.	Provides full-time care to an incapacitated family member who resides with the GR participant.
3.	Age 17 years old or younger.
4.	Age 18 and participating in an acceptable course of study, which is expected to complete prior to their 19th birthday.
5.	Provides care to a child within the GR household who is under one year of age.
6.	Pregnant (and not yet eligible for CalWORKs).
7.	Age 65 years or older. Note: These individuals will be required to apply for SSI benefits at age 65.
9.	Requesting GR pending receipt of first paycheck.
10.	Applicant is requesting to return to his/her legal residence and is awaiting final arrangements for transportation.
11.	Participating in the Mandatory Substance Abuse Recovery Program (MSARP) and both of the following conditions exist: <ul style="list-style-type: none"> <li>• The parent has a child placed in foster care by court order;</li> <li>• There is a reunification plan.</li> </ul>
13.	Violence Against Women Act (VAWA) individuals who have not received their Employment Authorization from United States Citizenship and Immigration Services (USCIS).

CATEGORIES TO REMAIN ADMINISTRATIVELY UNEMPLOYABLE WITH MODIFICATION	
8.	Age 60-64 years of age and not designated unemployable or Needs Special Assistance (NSA). (In August 2011 there were 3,053 AU participants under this category.) <p><b>Proposed Modification:</b></p> <p>a. Individuals who are age 62 and older will be assessed for unemployability, and will only be designated AU if they are not found to be unemployable. This is intended to provide access to these participants to services for unemployable participants, particularly SSI advocacy. Additionally, these individuals will be required to apply for Social Security benefits at age 62 (unless they have limited or no work experience) and SSI benefits at age 65. (In August 2011 there were 1,315 participants in this category that were 62 and older.)</p> <p>b. Individuals who are between the ages of 60 and 61 and 11 months will be assessed for unemployability, and will only be designated AU if they are not found to be unemployable. This is intended to provide access to these participants to services for unemployable participants, particularly SSI advocacy. (In August 2011 there were 1,738 participants in this category that were between 60 and 61 and 11 months.)</p>
12.	Determined AU by the District Director/Deputy District Director. <p><b>Proposed Modification:</b> These individuals will be AU under this category for up to three months. At the end of the three month period, their AU status must be re-assessed. Ten</p>

(10) days prior to the end of an individual's AU end date, LEADER will send a notice to the individual reminding them that their AU status will expire. The notice will instruct the individual to contact the EW if they believe they cannot work.

AU Due To Mental Health Reason

After the initial 3-month AU status expires, individuals given AU status due to mental health reasons will be given Temporary Needs Special Assistance (NSA) status for one month. They will receive an appointment for a Mental Health Assessment with a licensed DMH clinician in order to appropriately assess their mental health needs and connect them to services, including SSIMAP Advocacy if appropriate. If these individuals fail to attend their scheduled Mental Health Assessment appointment within their 1-month Temporary NSA period, the District Director/Deputy District Director would have the discretion to extend the Temporary NSA status of these individuals for an additional two months, in order to provide them more time to attend a Mental Health Assessment. If the participant still fails to attend their scheduled Mental Health Assessment appointment, the District Director/Deputy District Director would have the discretion to extend the Temporary NSA status every three months. Participants in this category will not have a cap on the time period that they can be categorized as Temporarily NSA, so long as they are assessed every 3 months and provided an opportunity to attend a Mental Health Assessment.

AU Due To Non-Mental Health Reason

After the initial 3-month AU status expires, individuals given AU status due to non-mental health reasons will receive an appointment to see the Employment Specialist at their District Office. The Employment Specialist will thoroughly review GROW requirements with them. If the individual is able to work, then he/she will be referred for a GROW Orientation appointment. If the individual informs the Employment Specialist that he/she cannot work, he/she will be referred to the case carrying EW for a Disability Assessment or Mental Health Assessment appointment. Individuals who do not attend their appointments with the Employment Specialist will be ineligible for GR and their cases will be terminated; however, they will not incur a sanction.

**I. Implementation Considerations**

If approved by the Board, DPSS will implement the proposed modifications within 6-9 months. All applicable policy will be updated and re-distributed and staff will be appropriately trained on changes.

**J. Divergent Views**

Not applicable to this option.

**Option G: Additional Eligibility Workers** – Approve funding to support additional Eligibility Workers (EWs) to alleviate the high GR EW caseloads and allow eligibility staff to more effectively administer GR program rules to ensure participants who are ineligible for GR benefits do not continue to receive these benefits.

## **A. Description of Option**

The GR caseload in Los Angeles County has significantly increased since 2007 and budget constraints preclude DPSS from hiring to reduce the overall caseload for EWs.

This option proposes to approve funding to support additional EWs and Eligibility Supervisors (ESs) to alleviate the current high GR EW caseloads and allow eligibility staff more time to effectively administer GR program rules and allow for appropriate and timely referrals to SSI for disabled GR recipients and GROW for employable recipients.

## **B. Potential Impact to Constituents**

If this option were implemented, additional EWs would be added which would result in reduced caseloads. It is believed that a reduced caseload would lead to a more focused case administration of GR cases. Increasing EWs will reduce individual caseloads which will help to ensure that only participants who are eligible will receive benefits, and may potentially provide EWs with more time to resolve case problems via telephone, thereby reducing lobby traffic and decreasing participant wait times. A six-month pilot is currently being implemented to test the hypothesis that adding EWs will help the County achieve these objectives.

## **C. Current Policy**

No applicable policy exists for this option.

## **D. Business Process**

Not applicable to this option.

## **E. Relevant Data**

Relevant data elements include:

1. Average caseload, approvals, and terminations
2. Number of applications received by District Office
3. Number of return appointments

## 1. AVERAGE CASELOAD, APPROVALS, AND TERMINATIONS

	Approved and Intake EWs (Monthly Average)	Caseload (Monthly Average)	Approvals		Terminations	
			Monthly Average	% of Caseload	Monthly Average	% of Caseload
<b>2007</b> (July-Dec)	647	60,613	7,171	11.8%	7,061	11.7%
<b>2008</b>	590	67,504	8,486	12.6%	7,432	11.0%
<b>2009</b>	569	83,029	10,008	12.0%	8,526	10.2%
<b>2010</b>	551	98,954	11,330	11.4%	10,054	10.2%
<b>2011</b> (Jan-July)	543	108,797	11,316	10.4%	10,621	9.8%

Data Source: LEADER July 2007 – July 2011

## 2. NUMBER OF APPLICATIONS RECEIVED BY DISTRICT OFFICE – JANUARY 2012

District Office	# of Applications Received
Glendale	964
Pasadena	2,393
Lancaster	1,552
<b>Division I</b>	<b>4,909</b>
Wilshire	1,159
Civic Center	1,133
Rancho Park	1,627
<b>Division II</b>	<b>3,919</b>
Metro East	1,938
Metro Special	2,482
<b>Division III</b>	<b>4,420</b>
South Special	4,046
Southwest Special	2,367
South Central	1,142
<b>Division IV</b>	<b>7,555</b>
San Gabriel Valley	1,902
Pomona	1,228
<b>Division V</b>	<b>3,130</b>

Data Source: LEADER June 2011



### 3. NUMBER OF RETURN APPOINTMENTS

	#
Number of Applications Received	265,966
Number of Return Appointments <sup>1</sup>	71,443

Data Source: LEADER July 2010 – June 2011

<sup>1</sup>Return Appointments are appointments made during the intake process from the initial point of application to the final disposition of eligibility. This includes return appointments made to give the applicant an opportunity to provide missing documentation.

## F. Financial Analysis

The projected NCC of a six-month pilot is \$860,529 which will be absorbed within the DPSS budget. This projection is based on a proration of the yearly average fully loaded cost of 55 EWs (\$137,637/EW) and seven ESs (\$147,893/ES). The portion attributed to NCC takes into account the share of GR EW costs typically charged to CalFresh, based on the fact that most GR participants also receive CalFresh benefits.

## G. Fraud and Program Integrity Analysis

The Auditor-Controller's visits to District Offices and interviews with staff and managers revealed backlogs of applicants awaiting eligibility screening. All levels of staff and District management were open about the fact that eligibility screening is at times a triage function. Staff admitted to not pursuing some fraud indicators, and not making some fraud referrals they otherwise would make, due to high caseloads and to alleviate participant wait times.

The Memorandum of Understanding (MOU) between the County and employees' unions define caseload "yardsticks". These yardsticks for the EW's MOU generally range from about 138 to 206 GR client cases for EWs handling an approved GR caseload. District staff and managers described EW caseloads far exceeding 400 per month, and at some offices exceeding 600 cases.

Additional EWs would allow additional interview time to identify and explore clues to ineligibility and fraud. The results of the Early Fraud pilot program initiated in January 2012, as described more fully in the Auditor-Controller's report on program integrity and fraud, reveal that DPSS has the processes and procedures in place to identify currently undetected fraud. The Department needs to ensure those policies are followed, and work with the CEO to ensure they are appropriately resourced.

Supervisors and managers confirmed their awareness that fraud referrals were not always made to DPSS' Early Fraud Program or to the Welfare Fraud Prevention and Investigation (WFP&I) Section. If additional WFP&I referrals were made, they would obviously trigger more investigations. Without adding additional resources to follow-up on these referrals, the backlog could shift from the EWs to the fraud investigators.

An increase in EWs, if implemented, should be assessed with consideration of needed complementary staffing such as additional WFP&I investigators and more Early Fraud Program resources.

## H. Option Recommendation

Is this option being recommended to the Board for adoption?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
DPSS to finalize pilot and make recommendations?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Do we have team consensus?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

### *Recommendation Rationale*

DPSS is conducting a six-month pilot that increases staff in two District Offices by fifty-five EWs and seven ESs. Metro Special and Southwest Special are the test sites given an additional augmentation of EWs in the GR approved units. Prior to implementation of the pilot, Metro Special GR approved EWs averaged 553 cases per month and Southwest Special GR approved EWs averaged 446 cases per month. The additional ESs are necessary to maintain the appropriate level of oversight for the additional staff. By contract, the ratio of EWs to ESs should be seven to one.

The remaining 12 non-pilot District Offices will act as the control group for comparing outcomes. Success will be determined through a monthly comparison of the operations measuring the impact that staffing and caseload has on the number of case terminations and the quality of services provided to participants.

## I. Implementation Considerations

An evaluation of this pilot will be conducted to study the effects of increasing GR EW staff. In addition to any fiscal impact, the work group has identified additional data elements to be considered in the evaluation of this pilot. These data elements are as follows:

- Caseload comparison by District Office before and after implementation.
- Needed areas of focus for GR staff before and after implementation.
- Overall caseload before and after implementation.
- Individual worker caseload before and after implementation.
- Cost-benefit analysis of the financial impact of increased number of workers.

## J. Divergent Views

While the Work Group agreed to recommend this option, there was divergence on the pilot study. Advocates requested the study be brought back to the Work Group members for discussion and that the following data points be studied:

- Quality Assurance Case Review before and after the implementation of the pilot.
- How many individuals in immediate need are currently given return appointments prior to and after the implementation of the pilot.

- How many individuals are given return appointments for GR (before and after implementation of the pilot).
- Data on wait times for applicants before and after the implementation of the pilot (comparison of the past four years).
- Amount of ineligible that went undetected before and after implementation
- DPSS perception of needed areas of focus for workers before and after the implementation of the pilot.
- Cost-benefit analysis of the financial impacts of increased numbers of workers.

The GR Options Work Group was created to conduct a comprehensive analysis of the 11 options. The CEO and DPSS do not agree that the evaluation of the pilot and the relevant data points should be addressed by the GR Options Work Group. DPSS will review relevant data elements based on the availability of the data and the time associated with creating and retrieving such data.

**Option H: Additional GROW Case Managers** – The County could increase the number of GAIN Services Workers in the GROW program, to alleviate the current high GROW caseloads, and increase employment and ensure participants comply with GROW program rules.

### A. Description of Option

As a result of the increase in the GROW caseload since the onset of the economic downturn, DPSS will need to evaluate the total number of current GROW case managers. This option would increase the number of GROW GSWs so that GROW staff will be able to properly serve GR participants in the GROW program and enforce GROW participation requirements.

The total number of budgeted GROW GSWs is 141. DPSS is currently conducting a one-year pilot in which 50 GSWs have been transferred from the CalWORKs GAIN program to GROW. Therefore, there are currently 191 budgeted GROW GSWs.

### B. Potential Impact to Constituents

If this option were implemented, employable participants who are participating in the GROW program would benefit from additional GROW case managers. As a result of additional GROW case managers, individual caseloads would decrease, allowing for additional time to be spent on each employable client.

### C. Current Policy

No applicable policy exists for this option.

### D. Business Process

Not applicable to this option.

### E. Relevant Data

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#### 1. GAIN-to-GROW Pilot

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DPSS is currently conducting a one-year pilot in FY 2011-12, in which 59 welfare-to-work employees (50 GSWs and 9 Supervisors) were transferred from GAIN (CalWORKs) to GROW (GR). The basis for this pilot was the State reduction of the CalWORKs Single Allocation funding and the low staffing levels in GROW.

An increase in the number of GROW GSWs would allow for a reduction in the number of GROW participants assigned to each GROW GSW. With reduced caseloads, GROW GSWs will have more time to devote to each of their participants. GROW participants will receive more one-on-one assistance from their GSW to help them find employment. Participants placed into employment will

be better positioned to achieve self-sufficiency. In addition, reduced caseloads for GROW GSWs will increase enforcement of GROW participation requirements.

The goal of this pilot is to test whether reduced GROW caseloads leads to increased exits due to employment placements and increased program compliance. The pilot will also test whether the GR grant savings produced from the increased exits offsets the cost of the additional workers. In order to produce GR savings to cover the NCC cost of the GROW workers, the additional GROW workers would have to average 9.2 exits per month.

DPSS has been tracking the number of GROW exits since the start of the pilot and the coinciding savings produced. The following table shows the results of the pilot as of October 2011:

FY 2011-12	A Sanctions	B Placements	C = A + B Total Exits	D Breakeven Point Exits <sup>1</sup>	C - D Difference	Savings <sup>2</sup>
Jul-11	4,466	1,309	5,775	5,662	113	\$99,892
Aug-11	4,420	1,584	6,004	5,662	342	\$302,328
Sep-11	4,760	1,563	6,323	5,662	661	\$584,324
Oct-11	5,726	1,503	7,229	5,662	1,567	\$1,385,228
Nov-11	4,898	1,557	6,455	5,662	793	\$701,012
Dec-11	4,933	1,456	6,389	5,662	727	\$642,668
Jan-12				5,662		
Feb-12				5,662		
Mar-12				5,662		
Apr-12				5,662		
May-12				5,662		
Jun-12				5,662		
<b>TOTAL</b>	<b>29,203</b>	<b>8,972</b>	<b>38,175</b>	<b>67,944</b>	<b>2,683</b>	<b>\$3,715,452</b>
<b>AVERAGE</b>	<b>4,867</b>	<b>1,495</b>	<b>6,363</b>	<b>5,662</b>	<b>671</b>	<b>\$619,242</b>

<sup>1</sup> Target exits = FY 2010-11 Average Exits + 460 Goal (9.2 Breakeven Exits x 50 GSWs) = 5,662

<sup>2</sup> Savings = Total Exits minus Target Exits x \$221 GR Grant x 4 months

## F. Financial Analysis

The annual cost of funding the 50 GSWs and 9 Supervisors is \$4.9 million in NCC. As outlined above, approximately 460 exits per month need to be generated by these additional staff in order to cover their cost. Additional exits produced over 460 exits per month results in additional savings to the County. Based on the number of exits produced in the first six months of the pilot, it is estimated that approximately \$7.4 million in NCC will be saved annually as a result of this pilot.

## G. Fraud and Program Integrity Analysis

Option H would likely increase compliance with GROW program rules, and could shorten the time a participant needs to remain in GROW, but there does not appear to be a direct GR fraud linkage. By

virtue of their leaving the GR program, former GR participants are unable to commit the most commonly identified GR fraud types such as false claims of homelessness, failure to report income, and cohabitation.

Additional GROW Case Managers could result in helping more GROW participants find employment, and for those same participants to locate employment sooner. Participants who find jobs would likely exit GR, resulting in cost savings commensurate with the shortened participation time. In July 2011, DPSS began a one-year pilot in which the department added 59 welfare-to-work employees to help participants find employment and achieve self-sufficiency, and to enforce program compliance. DPSS has been tracking the number of participants who exit GROW since the start of the pilot, and the coinciding savings based upon a stipulated four months of GR assistance. The pilot's early results are encouraging, and need to be assessed as the pilot reaches greater maturity.

## H. Option Recommendation

Is this option being recommended to the Board for adoption?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
DPSS to finalize pilot and make recommendations?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Do we have team consensus?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

### *Recommendation Rationale*

As the department is currently conducting a pilot to study the impact of additional GROW case managers, we recommend that the determination of this option be deferred to the results of the pilot. The first year of the pilot is slated to end in June 2012, after which a formal recommendation to the Board will be made on additional GROW case managers.

## I. Implementation Considerations

An evaluation of this pilot will be conducted to study the effects of increasing GROW case manager staff. In addition to any fiscal impact, the work group has identified additional data elements to be considered in the evaluation of this pilot. These data elements are as follows:

- Number of GROW exits (employment vs. sanctions) before and after implementation
- GROW caseload before and after implementation
- Data on the effects of higher caseloads

## J. Divergent Views

While the group agreed to recommend this option, there was divergence on the pilot study. Advocates requested the study be brought back to the Work Group members for discussion and that the following data points be studied:

- Data on the effects of higher caseloads and whether pilot program impacts these effects.
- Rates of recidivism to GROW (for both those who are timed out and those who find employment), before and after implementation.

- Number of weeks/month it takes for GR participants to go through each stage of the GROW process, before and after implementation.
- Length of time to initially get into GROW service programs, before and after implementation of the pilot.

The GR Options Work Group was created to conduct a comprehensive analysis of the 11 options. The CEO and DPSS do not agree that the evaluation of the pilot and the relevant data points should be addressed by the GR Options Work Group. DPSS will review relevant data elements based on the availability of the data and the time associated with creating and retrieving such data.

**Option K: Mental Health Treatment for Participants in GR SSIMAP** – The County could approve funding to provide mental health treatment to potentially SSI-eligible GR participants who have mental health illnesses, but lack sufficient treatment documentation to support their SSI applications.

### **A. Description of Option**

The County could approve funding to provide mental health treatment to provide potentially SSI-eligible GR participants who have mental health illnesses, but lack sufficient treatment documentation to support their SSI applications. SSI applications based on mental health disabilities are more difficult to prove than those based on physical disabilities. Such applications often require a consistent, well-documented mental health treatment history over an extended period of time to have a good chance to be approved. Homeless individuals and others with inconsistent medical histories often do not have and/or are unable to obtain such records.

Mental health treatment would expand upon the comprehensive evaluations conducted by the Department of Mental Health (DMH) that certain participants will soon begin receiving to evaluate the severity of their mental health disabilities. The goal of treatment would be to strengthen the SSI applications of those participants whose documentation, including the comprehensive evaluation, is inadequate. DMH would provide these GR participants with the treatment they need for 6-12 months to generate adequate documentation of the disability.

### **B. Potential Impact to Constituents**

If this option were implemented, a select number of potentially-eligible GR participants who have mental health illnesses, but lack sufficient treatment documentation to support their SSI applications, will be provided mental health treatment through DMH for 6-12 months. Providing mental health treatment to these GR participants would be beneficial to both the participant and the County, since it would improve the participant's probability for SSI approval, a program that provides significantly higher levels of financial support.

### **C. Current Policy**

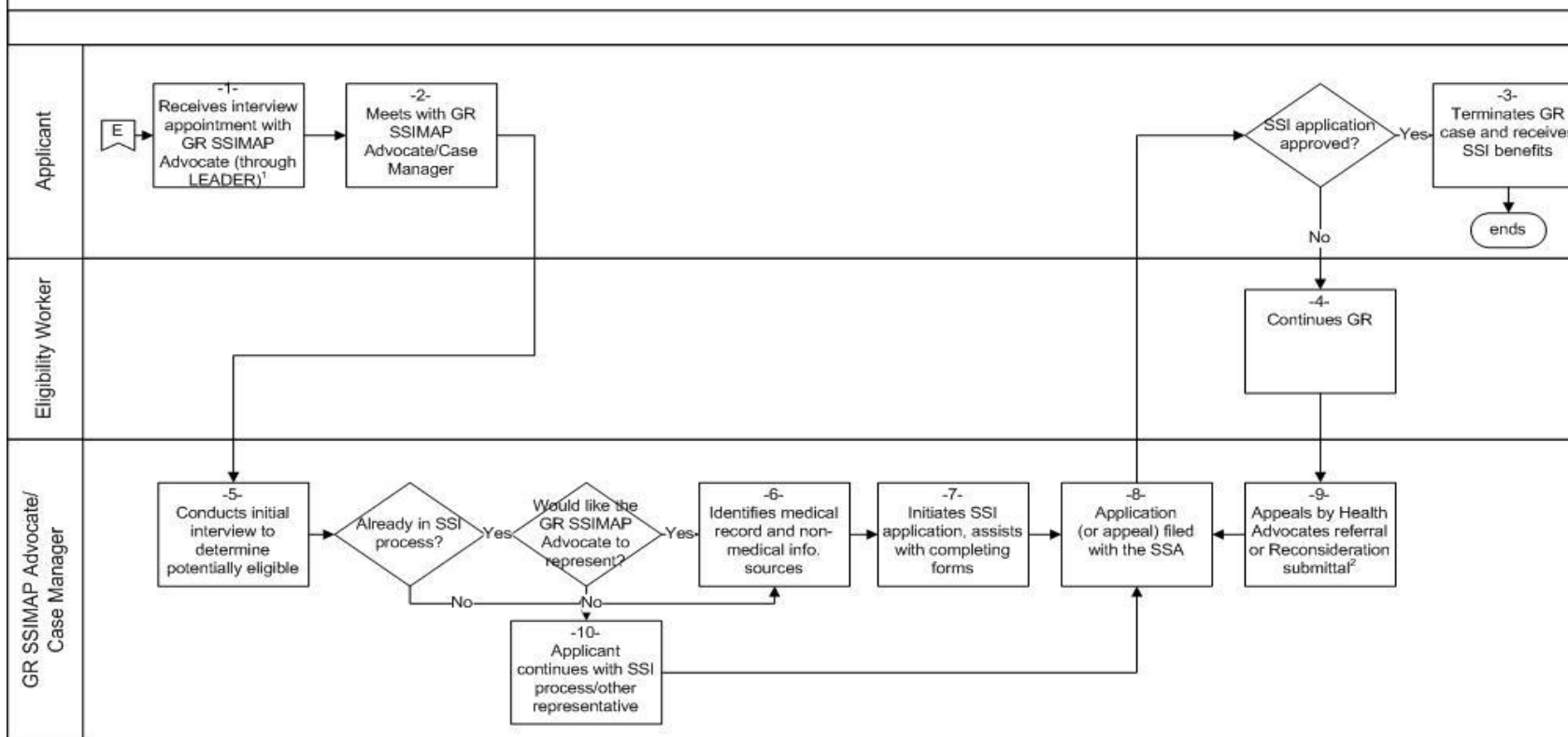
No applicable policy exists for this option.



## D. Business Process

The GR SSIMAP is a service offered at all 14 of the DPSS GR District Offices and is supported by 74 SSI Advocacy staff. These staff are responsible for providing advocacy services to all physically and mentally disabled GR participants who are potentially eligible for SSI. If approved, individuals are eligible for up to \$845 on SSI versus \$221 on GR. Additionally, SSI recipients are entitled to Medi-Cal.

### E: Supplemental Security Income and Medical Advocacy Program (SSI/MAP)



<sup>1</sup>LEADER system schedules the applicant for an initial interview with the GR SSIMAP Advocate when:

- The GR participant is given a permanent unemployable status; or
- The GR participant has been disabled for 12 consecutive months

<sup>2</sup>Once the appeals process has been exhausted, the individual continues GR and may reapply to SSI.

## E. Relevant Data

Relevant data elements include:

1. County savings resulting from GR SSI Advocacy efforts
2. Number of applicants determined to have a permanent mental health disability under new mental health assessments
3. Economic Roundtable “Dividends of a Hands Up: Public Benefits of Moving Indigent Adults with Disabilities onto SSI” Executive Summary (Attachment C)

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### 1. County Savings Resulting from GR SSI Advocacy Efforts

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The GR Restructuring efforts are designed to reduce the caseload and expenditures over time and to provide more comprehensive services to GR participants. One aspect of GR Restructuring involves enhancing the County’s SSI Advocacy efforts. This will assist in reducing the caseload by transitioning GR participants to the SSI program, while at the same time generating Interim Assistance Reimbursements (IAR) for GR benefits paid to the individuals during the time the SSI application was pending approval.

The following enhancements to the GR SSI Advocacy Program are currently in place or underway to assist GR participants transitioning to SSI:

***Enhanced Medical/Mental Health Disability Assessments and Comprehensive Evaluations –***

Providing enhanced medical and mental health assessments to better determine and identify those GR participants who are potentially eligible to SSI, including:

- Mental Health Assessments
- Physical Health Disability Assessments
- Mental Health Comprehensive Evaluations
- Physical Health Disability Comprehensive Evaluations

***Record Retrieval Services*** – DPSS is working with the Department of Health Services, DMH, and LASD to retrieve medical and mental health records on behalf of GR participants to support their disability claim for SSI.

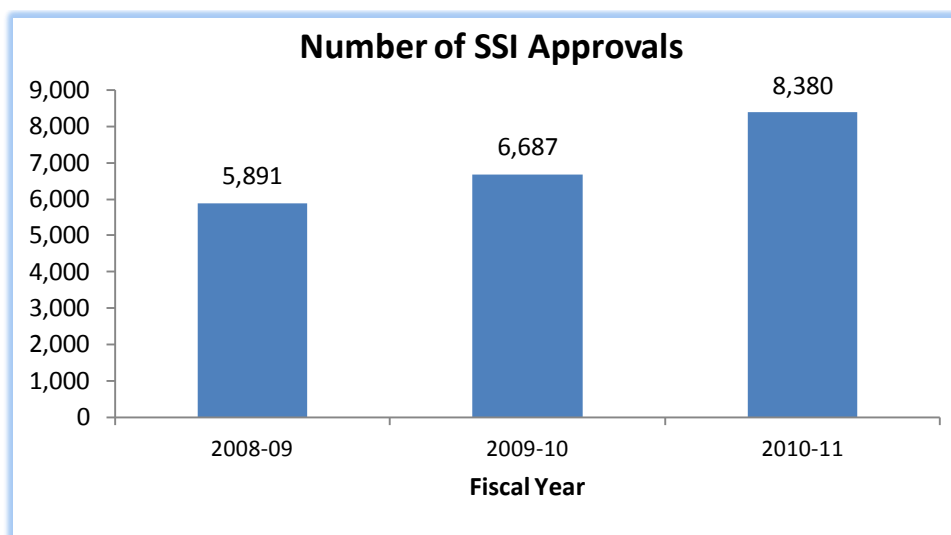
***GR Housing Subsidies for homeless individuals Pursuing SSI –***

- Increasing the number of housing subsidies for homeless GR participants pursuing SSI.
- Increased the GR rental subsidy amount from \$300 to \$400/month (plus \$100/month from the participant’s GR grant).
- Increased the amount of IAR received by providing housing subsidies to homeless GR participants pursuing SSI, which is believed to increase chances of receiving SSI approval.

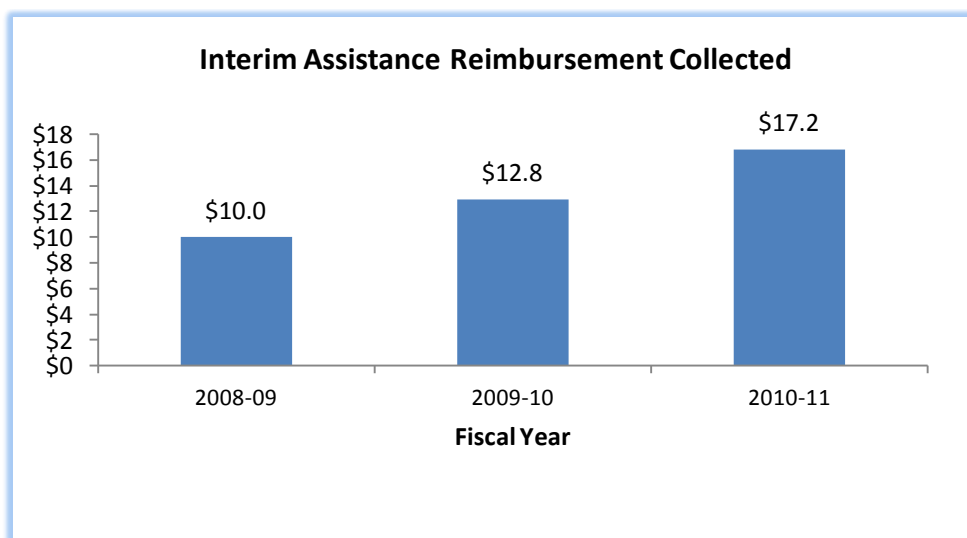
**SSI Advocacy Case Management Enhancements –**

- SSI Advocates now have more flexibility to outreach to GR participants by conducting home visits, etc.
- DPSS has been working to strengthen the existing collaboration with SSA.
- Incorporated the SSI/Social Security Disability Insurance (SSDI) Outreach Access and Recovery (SOAR) approach into the DPSS SSI Advocacy Program.
- Additional training from the Social Security Administration (SSA) for DPSS SSI Advocacy Program staff in SSI requirements and the disability determination process.

**Ancillary Payments** – Providing ancillary payments for shoes, clothing, and motel vouchers for the night prior to an appointment with the SSA to assist GR participants in eliminating barriers and enabling them to pursue SSI.



*Data Source: Social Security Administration data July 2008 – June 2011*



*Data Source: Social Security Administration data July 2008 – June 2011*

## 2. NUMBER OF APPLICANTS DETERMINED TO HAVE PERMANENT MENTAL HEALTH DISABILITY UNDER NEW MENTAL HEALTH ASSESSMENTS

New Mental Health Assessments by DMH	#	%
Participants assessed	1,111	100.0%
Participants determined to have MH disability	1,036	93.2%
Participants determined to have permanent MH disability	261	25.2%

Data Source: Department of Mental Health data August 2011

Old Mental Health Screening by non-licensed DMH staff	%
Participants assessed that were determined to have permanent MH disability	1.50%

DMH reported that in August 2011, its clinicians saw 1,111 participants and determined that 1,036 of them have a mental health disability, of which 261 have a permanent mental health disability. This translates into 25% of individuals assessed as having a permanent mental health disability, compared to only 1.5% under the prior, more cursory mental health screening conducted by non-licensed DMH staff. This means that more GR participants are determined to be potentially eligible for SSI and provided SSI advocacy services. If approved for SSI, these individuals will exit GR. Through August 2011, DMH clinicians reported that a total of 8,688 participants have been seen. Of these, 8,296 have been determined to have a mental health disability, and 1,990 (24%) of these were determined to have a permanent mental health disability.

## 3. Economic Roundtable “Dividends of a Hands Up: Public Benefits of Moving Indigent Adults with Disabilities onto SSI” Executive Summary

Please see Attachment C.

## F. Financial Analysis

According to DMH, the average annual estimated mental health treatment cost per participant would be \$8,000. As the Economic Roundtable data shows, an estimated 37% of GR recipients are eligible for SSI, with a monthly average cost of \$1,572 per person (\$18,864 annually) to County services and hospitals. Lack of supporting documentation of mental health disability is one of the most common barriers preventing eligible GR recipients from obtaining SSI. Increased access to mental health services to document disability will substantially reduce County costs related to care for these individuals.

## G. Fraud and Program Integrity Analysis

Option K has no direct impact on fraud. Option K indirectly impacts GR fraud to the extent it removes individuals from the GR Program when they have been accepted for ongoing SSI, and thus removes the opportunity for these now-former GR participants to commit GR fraud.

## H. Option Recommendation

Is this option being recommended to the Board of Supervisors?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Recommendation to approve alternative pilot proposal?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Is there team consensus on this recommendation?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

### *Recommendation Rationale*

In an effort to meet the increasing demand for mental health treatment services for DPSS' GR participants who may be potentially SSI eligible but lack sufficient treatment documentation to support their SSI application, DMH is proposing a pilot project which allows direct referrals from the Disability Assessment Program and Comprehensive Evaluation team clinicians (GR Restructuring Approved Recommendation #8) to an identified mental health clinician at five directly operated clinic sites. DMH will identify ordinance items for five (5) mental health clinicians to be assigned to a subset of the existing network of CalWORKs directly operated clinics. The identified clinicians at these sites will receive training to provide short-term, intensive treatment services to GR participants that will support the GR participant's application for Social Security Income (SSI).

Mental health treatment for each GR participant from intake to termination will range up to approximately one year. Only Needs Special Assistance (NSA) GR participants who meet DMH's severely and persistently mentally ill (SPMI) criteria but lack documentation will be referred for treatment. This timeline allows DMH to establish adequate documentation of treatment to support an SSI application for participants who are compliant to treatment. Clinics selected are as follows: Hollywood MHC, Augustus F. Hawkins MHC, West Central MHC, Arcadia MHC, and San Fernando Valley MHC. For staffing, DMH will use existing Mental Health Services Act ordinance items for this project which requires that DMH identify matching funds for these positions.

DMH will control and track the number of NSA referrals using specific criteria. GR participants who are eligible for Healthy Way LA and may have an SSI application pending for either Medi-Cal or SSI will also be prioritized for treatment services with coordination between the treatment provider and DPSS' SSI Advocates. As a result of these criteria, DPSS and DMH will be required to review the current protocol for referring NSA clients to the SSI Advocates. DMH is requesting a DPSS SSI Advocate to function as a liaison to this proposal as the involvement of the SSI Advocate is essential to the success of this project.

Long Term Goal: DMH and DPSS will look into amending a sub-set of the existing network of CalWORKs providers to provide mental health treatment services to GR participants in need of documentation to support an SSI application.

**I. Implementation Considerations**

Not applicable to this option.

**J. Divergent Views**

Not applicable to this option.

OPTIONS WITH CONSENSUS  
TO NOT RECOMMEND

<i>Option A: In-Kind Assistance.....</i>	<i>47</i>
<i>Option C: Property and Asset Limit.....</i>	<i>58</i>
<i>Option F: GROW Time Limit.....</i>	<i>62</i>

**Option A: In-Kind Assistance** – Limit cash assistance to GR homeless participants who are temporarily/administratively unemployable and therefore not pursuing work or federal disability benefits. Impacted individuals would receive an in-kind housing benefit of \$266 and a cash payment of \$20.

## A. Description of Option

This option proposes the following:

- Limit homeless GR participants who are designated as temporarily and/or administratively unemployable to 34 months of cash assistance in a 36-month period.
- Offer in-kind housing assistance with a value of \$266/month plus a cash grant of \$20 for incidentals for a total of \$286/month to homeless GR participants who have exhausted their time limit of 34 months of cash assistance in a 36-month period and continue to be designated as temporarily or administratively unemployable.
- The in-kind housing assistance may be used to generate a payment for housing to any property owner or manager providing housing to the homeless GR participant for any or all of the month for which the in-kind assistance is issued.
- Homeless participants may find their own housing to use their in-kind housing assistance, which may include Board and Care facilities. Landlords may accept in-kind housing assistance on a monthly basis and be paid via a direct vendor payment by the County. For homeless participants who remain temporarily or administratively unemployable, and are unable to secure their own housing, and wish to use the in-kind housing assistance, DPSS would provide a shelter or motel bed for the number of days that could be funded with the participant's in-kind assistance. Motel beds would only be an available option if no shelter beds were available.

## B. Potential Impact to Constituents

If this option were implemented, homeless GR participants who are designated temporarily or administratively unemployable, and who meet the time limit for cash assistance specified by this option, may fall into one of the following pathways:

- **Move to GROW** – In order to avoid the in-kind assistance, some homeless temporarily/administratively unemployable participants may declare that they are able to work and may move to GROW. Here they will receive services that will help increase their job readiness and connect them to employment opportunities.
- **Move to GR SSIMAP** – Some homeless temporarily/administratively unemployable participants will be determined to be permanently unemployable or Needs Special Assistance and will be connected to SSIMAP services.
- **In-Kind Assistance-Used** – Some participants will accept the in-kind housing voucher and will use it to obtain housing. However, it is unlikely that a \$266 housing benefit will provide full-month housing. Providing shelter for only a partial month may perpetuate the instability and



cycle of homelessness thereby making it less likely that the person would be able to exit homelessness. It is also possible that the types of dwellings where a landlord might be willing to accept \$266 for rent would be substandard and illegal units.

- **In-Kind Assistance-Not Used** – Some participants will accept the housing voucher, but they will not use it either because they choose not to or because they are not able to locate available housing. This may result in their continued homelessness.
- **Refuse In-Kind Assistance-Voucher Only** – Some participants will refuse the in-kind housing voucher all together, and will only accept the \$20 cash grant. The categories of temporarily/administratively unemployable predominantly include individuals who have some sort of disability, whether temporary or more serious and are likely to have medical costs. Individuals who have medical needs and costs exceeding \$20 may not be able to meet those basic needs. Homeless individuals may likely remain homeless.

## C. Current Policy

### GR Policy 44-115.1

In-kind items are those items for which an individual is not required to pay or receives free, such as, rent, utilities, food, etc. The value of any item provided in whole or part, without cost to the GR household is considered income in-kind and its value is deducted from the grant.

### GR Policy 44-115.2

The value of housing is the amount normally charged or paid for the housing or the amount of the housing allowance in the GR Basic Budget Table, whichever is greater. The amount normally charged is determined by the amount documented on the application, ABP 101, General Relief Request for Housing Information (a LEADER generated form), or a verbal statement by the landlord recorded in Case Comments as follows:

- Landlord's name
- Date of contact
- Total value of the item(s)

### GR Policy: GR 44-201 Basic Budget Table #68

General Relief Basic Budget Table #68					
Household Size	Housing	Food	Personal Needs	Clothing	Max. GR Grant
1	\$136	\$ 65	\$11	\$ 9	\$221
2	231	111	16	9	374
3	277	133	21	19	450
4	329	158	25	22	534
5	375	180	29	25	609
6	422	202	33	28	685
7	463	222	36	31	752
8	505	242	39	34	820
9	545	261	42	37	885
10 or more	586	281	46	38	951

### Temporarily Unemployable

An individual is determined temporarily unemployable when the individual has a physical or mental incapacity that makes it impossible to work for a limited duration and is expected to be resolved with treatment.

### Administratively Unemployable

An individual is currently determined administratively unemployable if s/he meets any of the following criteria:

Criteria
1. Enrolled/pre-enrolled in a California Department of Rehabilitation training program.
2. Provides full-time care to an incapacitated family member who resides with the GR participant.
3. Age 17 years old or younger.
4. Age 18 and participating in an acceptable course of study, which is expected to complete prior to their 19th birthday.
5. Provides care to a child within the GR household who is under one year of age.
6. Pregnant (and not yet eligible for CalWORKs).
7. Age 65 years or older.
8. Age 60-64 years of age and not designated unemployable, Need Special Assistance or permanently unemployable.
9. Requesting GR pending receipt of first paycheck.
10. Applicant is requesting to return to his/her legal residence and is awaiting final arrangements for transportation.
11. Participating in the Mandatory Substance Abuse Recovery Program (MSARP) and both of the following conditions exist: <ul style="list-style-type: none"> <li>• The parent has a child placed in foster care by court order;</li> <li>• There is a reunification plan.</li> </ul>
12. Determined administratively unemployable by the District Director/Deputy District Director.
13. Violence Against Women Act (VAWA) individuals who have not received their Employment Authorization from United States Citizenship and Immigration Services (USCIS).

## Applicable Statutes and Regulations

### W&I code 17001.5(a)

The board of supervisors in any county may adopt a general assistance standard of aid, including the value of in-kind, which includes the monthly value of up to \$40 per month of medical care, that is 62 percent of a guideline that is equal to the 1991 federal official poverty line and may annually adjust that guideline in an amount equal to any adjustment provided under Chapter 2 (commencing with Section 11200) of Part 3 for establishing a maximum aid level in the county. This subdivision is not intended to either limit or expand the extent of the duty of counties to provide health care.

**W&I code 17001.5(c)**

A county could provide aid pursuant to Section 17000.5 either by cash assistance, in-kind aid, a two-party payment, or check drawn to the third-party provider of services to the recipient. Nothing shall restrict a county from providing more than one method of aid to an individual recipient.

**D. Business Process**

Not applicable to this option.

**E. Relevant Data**

1. Comparison of similar California counties' General Relief in-kind assistance and monthly cash grant for homeless individuals
2. Number of temporarily and administratively unemployable participants – homeless vs. non-homeless
3. Average length of time temporarily/administratively unemployable participants remain on GR
4. Currently closed LAHSA shelter beds that could be made available
5. Median rent for LA County cities with high poverty
6. Gross rent range for rental units in LA County
7. Monthly rent by LA County area
8. Fair Market Rent of LA-Long Beach Metro Area Rental Units

## 1. COMPARISON OF IN-KIND ASSISTANCE & MONTHLY CASH GRANT FOR HOMELESS IN OTHER COUNTIES

	In-Kind Assistance	Value of In-Kind	Monthly Max. Cash Grant
<b>Los Angeles<sup>1</sup></b>			\$221
<b>Alameda<sup>2</sup></b>	✓	\$24/night for shelter bed	\$19
<b>Sacramento</b>	✓	\$40 for medical services	\$194.93
<b>San Diego</b>			\$274
<b>Orange</b>			\$239
<b>Riverside</b>	✓	\$291	None
<b>San Francisco<sup>3</sup></b>	✓		\$59

Data Source: DPSS/CEO August 2011 Board Memo

<sup>1</sup> Los Angeles County currently offers housing subsidies up to \$400/month for homeless GR participants pursuing SSI and in GROW (limited slots available). The \$400/month housing subsidy is based on a CEO-SIB evaluation of the GR Housing Subsidy case management program which recommended increasing the existing rental subsidy to \$500/month (participants who accept the \$400/month rental subsidy pay \$100/month out of their GR grant to supplant the subsidy).

<sup>2</sup> Alameda County only provides General Assistance benefits for 3 months out of a 12-month period for employable participants. There is no time limit for unemployable participants.

<sup>3</sup> San Francisco has a mandatory program for homeless individuals called Care Not Cash in which housing and a small cash grant is provided.

## 2. NUMBER OF TEMPORARILY AND ADMINISTRATIVELY UNEMPLOYABLE GR PARTICIPANTS

	Temporarily Unemployable		Administratively Unemployable		Total	
	#	%	#	%	#	%
<b>Non-homeless</b>	8,650	36%	5,053	49.5%	13,817	40.3%
<b>Homeless</b>	15,342	64%	5,153	50.5%	<b>20,495</b>	<b>59.7%</b>
<b>Total</b>	23,992	100%	10,206	100%		

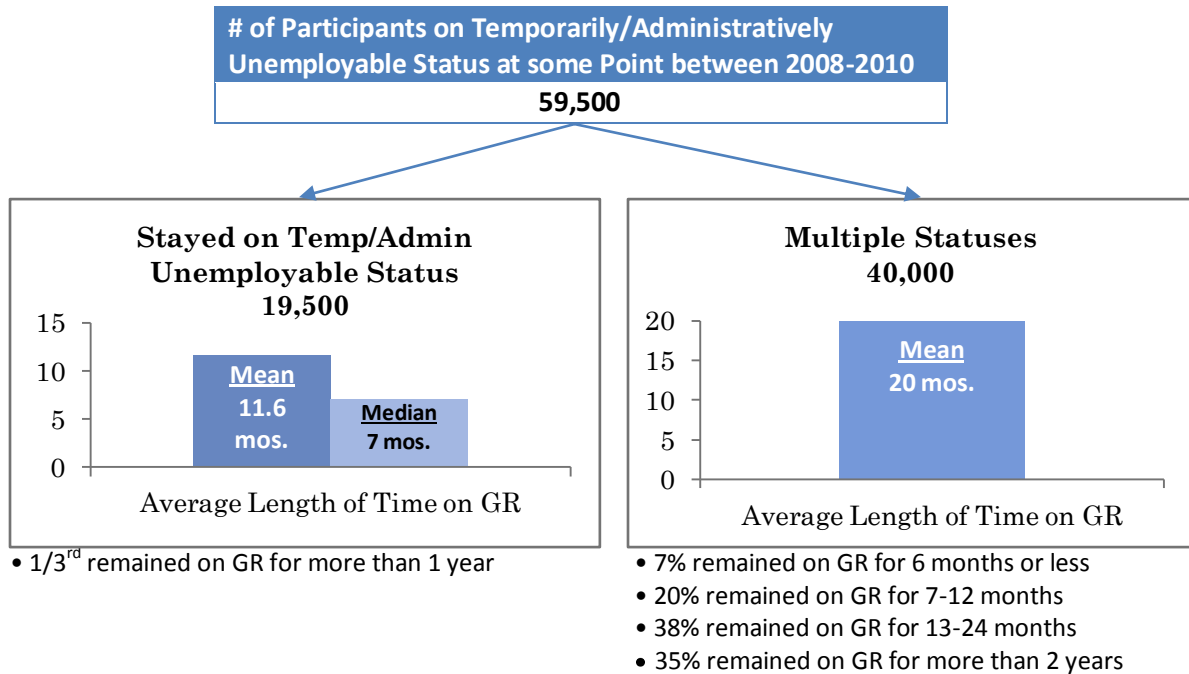
Data Source: LEADER August 2011

Note: Includes cases that were pending in August 2011 where the participant was provided an issuance (e.g. a motel voucher) but their case was ultimately denied.

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**3. AVERAGE LENGTH OF TIME TEMPORARILY/ADMINISTRATIVELY UNEMPLOYABLE PARTICIPANTS STAY ON GR**

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Data Source: LEADER

Note: Some individuals may have changed status due to failure to respond to notification rather than a change to their underlying employability status.

#### 4. CURRENTLY CLOSED LAHSA SHELTER BEDS THAT COULD BE MADE AVAILABLE

	#
<b>Currently closed LAHSA shelter beds that could be made available</b>	<b>150</b>

Data Source: LAHSA

According to LAHSA, 150 currently closed shelter beds could be made available for homeless GR participants using in-kind assistance. These shelters are 12-hour shelters and do not provide shelter services 24 hours a day. The monthly in-kind assistance amount would provide homeless GR participants approximately two weeks of shelter housing; therefore, the 150 beds that would be made available would provide temporary housing for half a month, or less, for approximately 300 participants each month.

#### 5. MEDIAN RENT IN LOS ANGELES COUNTY CITIES WITH HIGH LEVELS OF POVERTY

City	Median Rent <sup>1</sup>	Sample Size <sup>2</sup>
<b>Los Angeles County</b>	\$1,076	1,634,084
<b>Huntington Park</b>	\$826	10,599
<b>East Los Angeles</b>	\$849	19,504
<b>Florence-Graham</b>	\$868	8,542
<b>Compton</b>	\$876	9,882
<b>South Gate</b>	\$911	13,039
<b>Bell Gardens</b>	\$954	7,438
<b>Cudahy</b>	\$989	4,401
<b>Long Beach City</b>	\$995	92,566
<b>Los Angeles City</b>	\$1,029	786,598
<b>Pomona</b>	\$1,040	16,119
<b>San Fernando City</b>	\$1,046	2,933
<b>Lancaster</b>	\$1,052	15,723
<b>Palmdale</b>	\$1,063	11,314
<b>Baldwin Park</b>	\$1,094	6,509
<b>Carson City</b>	\$1,100	5,503
<b>Duarte</b>	\$1,139	1,944
<b>Monrovia</b>	\$1,155	6,886

Data Source: US Census Bureau American Community Survey, 2005-2009

<sup>1</sup> This is the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, water, and sewer)

<sup>2</sup> Based on Renter Occupied Housing Units

## 6. GROSS RENT RANGE FOR RENTAL UNITS IN LOS ANGELES COUNTY

Gross Rent <sup>1</sup>	Studio	One Bedroom	Two Bedrooms
Less than \$200	1.7%	0.5%	0.4%
\$200 to \$299	4.6%	3.9%	0.6%
\$300 to \$499	7.6%	3.8%	1.9%
\$500 to \$999	59.5%	46.3%	20.1%
\$1,000 or more	26.6%	45.5%	77.0%
<b>Total units with cash rent</b>	<b>178,614</b>	<b>588,553</b>	<b>626,135</b>

Data Source: US Census Bureau American Community Survey, 2008-2010

<sup>1</sup> This is the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, water, and sewer)

Note: This data is based on a sample of rental units and are estimated figures.

## 7. MONTHLY RENT BY LA COUNTY AREA

	2007-2008 Renter Survey		2006 Census	
	Average	Median	Average	Median
<b>North Valley</b>	\$1,006	\$900	\$975	\$898
<b>South Valley</b>	1,070	975	1,080	949
<b>West LA</b>	1,384	1,250	1,286	1,123
<b>Central LA</b>	900	815	948	857
<b>East LA</b>	850	765	792	715
<b>Harbor</b>	928	875	877	817
<b>City of LA</b>	951	850	962	868

Data Source: Economic Roundtable 2007-2008 City of Los Angeles Renter Survey; US Census Bureau, 2000 Census of Population and Housing, 2006 American Community Survey

## 8. FAIR MARKET RATE OF LOS ANGELES-LONG BEACH METRO AREA RENTAL UNITS

	Studio	One Bedroom	Two Bedroom
<b>FY 2011 Fair Market Rent</b>	\$973	\$1,173	\$1,465
<b>FY 2010 Fair Market Rent</b>	\$943	\$1,137	\$1,420

Data Source: United States Department of Housing and Urban Development

*Note: The US Department of Housing and Urban Development determines the Fair Market Rents, which includes utilities (except telephone), if applicable, ranges and refrigerators, parking and all maintenance, management, and other essential housing services which would be required to obtain, in a particular market area, privately developed and owned rental housing of modest design with suitable amenities.*

## F. Financial Analysis

In Section B. Potential Impact to Constituent, we outlined the various pathways a homeless GR participant who is designated temporarily or administratively unemployable may follow should they reach the time limit for cash assistance. While we are not able to predict how many participants will fall into each category, we can estimate the total cost or savings per participant for each potential pathway:

### Cost-Producing Pathways:

The following three pathways are projected to initially result in additional costs over and above existing costs:

Pathway	Cost	Cost per Participant per Month
<b>Move to GROW <sup>1</sup></b>	<ul style="list-style-type: none"> <li>Staffing @ \$89 per month</li> <li>Other @ \$46.25 per month</li> </ul>	<b>\$135.25</b>
<b>Move to GR SSIMAP <sup>2</sup></b>	<ul style="list-style-type: none"> <li>Staffing @ \$74.69 per month</li> </ul>	<b>\$74.69</b>
<b>In-Kind Assistance - Used <sup>3</sup></b>	<ul style="list-style-type: none"> <li>Staffing @ \$89 per month</li> <li>Voucher Cost @ \$65 per month</li> </ul>	<b>\$154.00</b>

<sup>1</sup> GROW category costs include staffing, transportation & ancillary costs, and contract costs.

<sup>2</sup> SSIMAP category costs include staffing costs.

<sup>3</sup> Voucher with use costs includes an estimated \$89 per person for staffing costs plus an additional \$65 in voucher costs in addition to the regular cash grant amount.

### Savings-Producing Pathways

The following two pathways are projected to initially produce net savings to the department:



Pathway	Cost	Savings	Net Savings per Participant per Month
<b>In-Kind Assistance - not used</b> <sup>4</sup>	<ul style="list-style-type: none"> <li>Grant @ \$20 per month</li> </ul>	<ul style="list-style-type: none"> <li>Grant savings of \$221 per month</li> </ul>	<b>\$201.00</b>
<b>Refuse In-Kind Assistance Voucher - Grant only</b> <sup>5</sup>	<ul style="list-style-type: none"> <li>Grant @ \$20 per month</li> </ul>	<ul style="list-style-type: none"> <li>Grant savings of \$221 per month</li> </ul>	<b>\$201.00</b>

<sup>4</sup> Voucher with no use category includes grant savings of \$221 offset by grant cost of \$20.

<sup>5</sup> Refuse voucher category includes grant savings of \$221 offset by grant cost of \$20.

These charts only take into account short-term costs and savings. For example, an individual moving to SSI would initially accrue staffing costs; however, once an individual has moved from GR to SSI that will initiate a savings for the County as the individual will no longer be receiving GR benefits and the County will receive Interim Assistance Reimbursement retroactively to the point of SSI application for the GR benefits provided to the participant while waiting for SSI determination.

In addition to any fiscal impact on DPSS, implementation of this option is likely to increase costs for other County departments. Reduction in the monthly cash grant from \$221 to \$20 may lead to increased dependence on other County services, including but not limited to, health, mental health, and public health services, for participants who do not secure full-month housing with the in-kind assistance.

## G. Fraud and Program Integrity Analysis

The primary fraud types impacted by Option A appear to be non-homeless individuals claiming they are homeless, and individuals falsifying living arrangements (i.e. living with family, friends). Option A is applicable only to the limited population of long-term temporarily or administratively unemployable GR participants. The Auditor-Controller's report provides substantive discussion of false claims of homelessness by GR applicants that provides valued perspective to the similar issue this option explores involving GR participants. Option A could reduce the incentive for GR participants to falsely claim homelessness because the cash assistance component of aid that the applicants are seeking would be drastically reduced, thereby reducing the incentive to falsely claim homelessness.

In-kind participant aid in the form of payments directly to landlords could result in the ancillary effect of an increase in the levels of reported fraud involving collusion between participants and landlords. The extent of this collusion would probably be much less than existing fraud types because of the greater sophistication necessary and the greater risks inherent in a collusion scheme. The integrity of an in-kind assistance process could be enhanced by tracking transactions with landlords to identify unusual clusters of in-kind transactions that warrant further investigation.

Cohabitation arrangements could be revealed by comparing living addresses where the same address is supported by two GR participants' in-kind housing subsidies paid directly to the participants' landlord. Of note is that undisclosed cohabitation with another individual would likely be substantially reduced if Option E (the shared housing deduction) is implemented.

**H. Option Recommendation**

Is this option being recommended to the Board of Supervisors?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Is there team consensus on this recommendation?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

***Recommendation Rationale***

Given the limited amount of low-cost housing available in Los Angeles County, it is estimated that many homeless temporarily/administratively unemployable GR participants will not be able to obtain full-month legal housing, even if provided with a housing voucher.

**I. Implementation Considerations**

Not applicable to this option.

**J. Divergent Views**

Not applicable to this option.

**Option C: Property and Asset Limit** – Reduction of the existing \$1,500 in maximum allowable property assets for GR participants to no more than \$500 of personal property, including cash on hand or in bank accounts, in addition to the cash grant.

## A. Description of Option

Reduce the property and asset limits for GR eligibility to no more than \$500 of personal property, including cash on hand or in bank accounts, in addition to their cash grant for approved participants.

## B. Potential Impact to Constituents

If this option were implemented, approved GR participants who have more than \$500 of personal property, including cash on hand or in bank accounts, would be determined ineligible for GR and their benefits would be terminated. The determination of whether an approved participant has more than the allowable \$500 of personal property would be made quarterly with the QR7 and at annual re-determination. This would make it more difficult for GR participants to save enough money to get off of GR and, where the participant is homeless, more difficult to get into housing (i.e., to be able to pay first/last month's rent and security deposit for an apartment upfront).

## C. Current Policy

### GR Policy 42-201.2

Personal property is described as “belongings” or interests in belongings, which may be easily transported or stored. Personal property may also be a valuable right, such as an unpaid debt.

### GR Policy 42-211.1

Except as otherwise described below, personal property worth up to \$1,500 for each aided person may be kept.

- For each GR approved case, regardless of the number aided, a maximum of \$1,500 cash on hand, negotiable instruments, and/or money in a checking or savings account in addition to their share of the GR grant may be retained (or the GR grant plus income, if they have income).
- At intake, for each adult, a maximum of \$50 (\$100 for family cases) cash on hand, negotiable instruments, and/or money in a checking or savings account may be kept. The entire case is ineligible when an individual/family has more than the maximum.

## Applicable Statutes and Regulations

### W&I Code 17101

The board of supervisors may establish its own policies with reference to the amount of property, if any; a person shall be permitted to have while receiving assistance, to the end that, so far as it is possible, an applicant for public relief shall be required to apply his own property to his support.

**W&I Code 17111**

An applicant or recipient shall be permitted to retain, without effect on eligibility for aid or the amount of aid to which he is otherwise entitled, the tools of his trade necessary to continue or seek employment and an automobile of reasonable value needed to seek or maintain employment in order to enable the applicant or recipient to become self-supporting. The board of supervisors shall determine what tools of the trade may be retained as necessary and the reasonable value of an automobile used to seek or maintain employment.

*Note: The Los Angeles County GR eligibility requirements exempt a vehicle from the property and asset limit if the value is less than \$4,500.*

**D. Business Process**

Not applicable to this option.

**E. Relevant Data**

1. Personal property and asset limits of LA County compared to other California counties
2. Number of GR participants with more than \$500 in personal property & assets
3. Percentage of GR participants that have been terminated due to reaching \$1,500 and the rate of return to GR

**1. COMPARISON OF OTHER COUNTIES' PERSONAL PROPERTY & ASSET LIMITS FOR PARTICIPANTS**

Participant Property and Asset limit	
Los Angeles	\$1,500
Alameda	\$1,000
San Diego	\$1,000
Orange	\$1,000
Riverside	\$250
San Francisco	Not to exceed value of monthly stipend*

Data Source: DPSS data

\* The San Francisco monthly stipend value varies by case.

## 2. GR PARTICIPANTS WITH MORE THAN \$500 IN PERSONAL PROPERTY & ASSETS

	#	%
GR Participants with >\$500 in personal property & assets	70	0.07%

Data Source: LEADER January 1, 2012

Note: The GR caseload of 107,282 from November 2011 was used to calculate the percent of GR participants with more than \$500 in assets.

## 3: GR PARTICIPANTS TERMINATED DUE TO REACHING \$1,500 PERSONAL PROPERTY & ASSETS LIMIT AND RETURN RATE

	#	%
Total number of GR terminations	127,060	-
GR cases terminated for reaching \$1,500 limit	1,926	1.5%
GR recipients who returned after being terminated for reaching \$1,500 limit	1,083	56%
Average number of days to return to GR once terminated (time between termination and application)	76	-

Data Source: LEADER FY 2010-11

## F. Financial Analysis

Participants who exceed \$500 in personal property and assets	70
One-time Savings (70 x \$221)	\$15,470
Ongoing Savings Annually (140 x \$221)	\$30,940

### One-Time Savings

On January 1, 2012 there were 70 GR participants who exceeded \$500 in personal property and assets. If this option were implemented, these 70 participants would be terminated from GR. It is assumed that these participants would spend down their savings below the \$500 level and reapply for GR shortly thereafter. Therefore, we are only assuming one month of savings. This results in a one-time savings of approximately \$15,470.

Ongoing Savings Annually

It is estimated that approximately 140 GR participants accumulate \$500 or more in personal property and assets in a given year. If this option were implemented, these participants would be terminated from GR once they reached \$500 in personal property and assets. Again only one month of savings is assumed, as it is likely these participants will spend down their personal property and assets and reapply for GR shortly thereafter. This will result in approximately \$30,940 in savings annually.

Please note, however, that if this option were implemented, participants might be discouraged from accumulating or disclosing personal property and assets over \$500 in order to avoid termination. If this were to happen then the ongoing annual savings would be lower than the amount estimated.

**G. Fraud and Program Integrity Analysis**

The potential for fraud for Option C is specific to intentional failure to disclose assets. DPSS's fraud data sample showed no positive findings for excessive assets. It is probable that changing the asset limit for otherwise indigent or near-indigent applicants would have little or no impact on fraud findings.

**H. Option Recommendation**

Is this option being recommended to the Board for adoption?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Do we have team consensus?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

***Recommendation Rationale***

Only a small proportion of the GR population (0.07%) self-reports personal property and assets over \$500 during the quarterly QR7 or annual re-determination process. The existing \$1,500 personal property and asset limit for approved participants encourages individuals to save money and become self-sufficient. Reducing the personal property and asset limit for approved participants to \$500 may have the negative impact of discouraging participants from saving their earnings or from disclosing their personal property and assets. For these reasons we are not recommending this option.

**I. Divergent Views**

Not applicable to this option.

**J. Implementation Considerations**

Not applicable to this option.

**Option F: GROW Time Limit Change** – Pursue a State legislative change to W&I Code section 17001.6 to enable the County to impose a Time Limit of no less than six months out of a 12-month period for employable participants (instead of the current 9 out of 12 months), and still maintain the GR grant for all participants at \$221/month, instead of \$272/month.

## A. Description of Option

The County could pursue a State legislative change to enable the County to impose a time limit of six months out of a 12-month period for employable participants.

## B. Potential Impact to Constituents

If this option were implemented, participants who are deemed employable will have a time limit of six months out of a 12-month period. This would mean that individuals would have less time to complete training, develop job skills, and secure employment. As a result, training programs spanning more than six months would likely not be available or pursued by GROW participants.

## C. Current Policy

Employable individuals are time limited to six months plus an additional three months (for continued GROW participation) in any 12-month period (a maximum of 277 days).

## Applicable Statutes and Regulations

### W & I Code 17000.6

The board of supervisors of any county may adopt a standard of aid below the level established in Section 17000.5 if the Commission on State Mandates makes a finding that the standards in Section 10 would result in significant financial distress to the county. When the commission makes a finding of significant financial distress concerning a county, the board of supervisors may establish a level of aid, which is not less than 40 percent of the 1991 federal official poverty level, which may be further reduced pursuant to section 17001.5 for shared housing. The commission shall not make a finding of significant financial distress unless the county has made a compelling case that, absent the finding, basic county services, including public safety, cannot be maintained.

- A county board of supervisors may continue the standard of aid adopted under this section beyond the period in subdivision (b), irrespective of whether the county has applied for or received a renewal of the authority to reduce aid as permitted by subdivision (b), provided the county acts in accordance with all of the following:
- The county may not prohibit an employable individual from receiving aid under this part for less than six months in a 12-month period, whether or not the months are consecutive. If an employable individual has taken and continues to take all steps to apply for appropriate positions and has not refused an offer of employment without good cause, a county shall extend

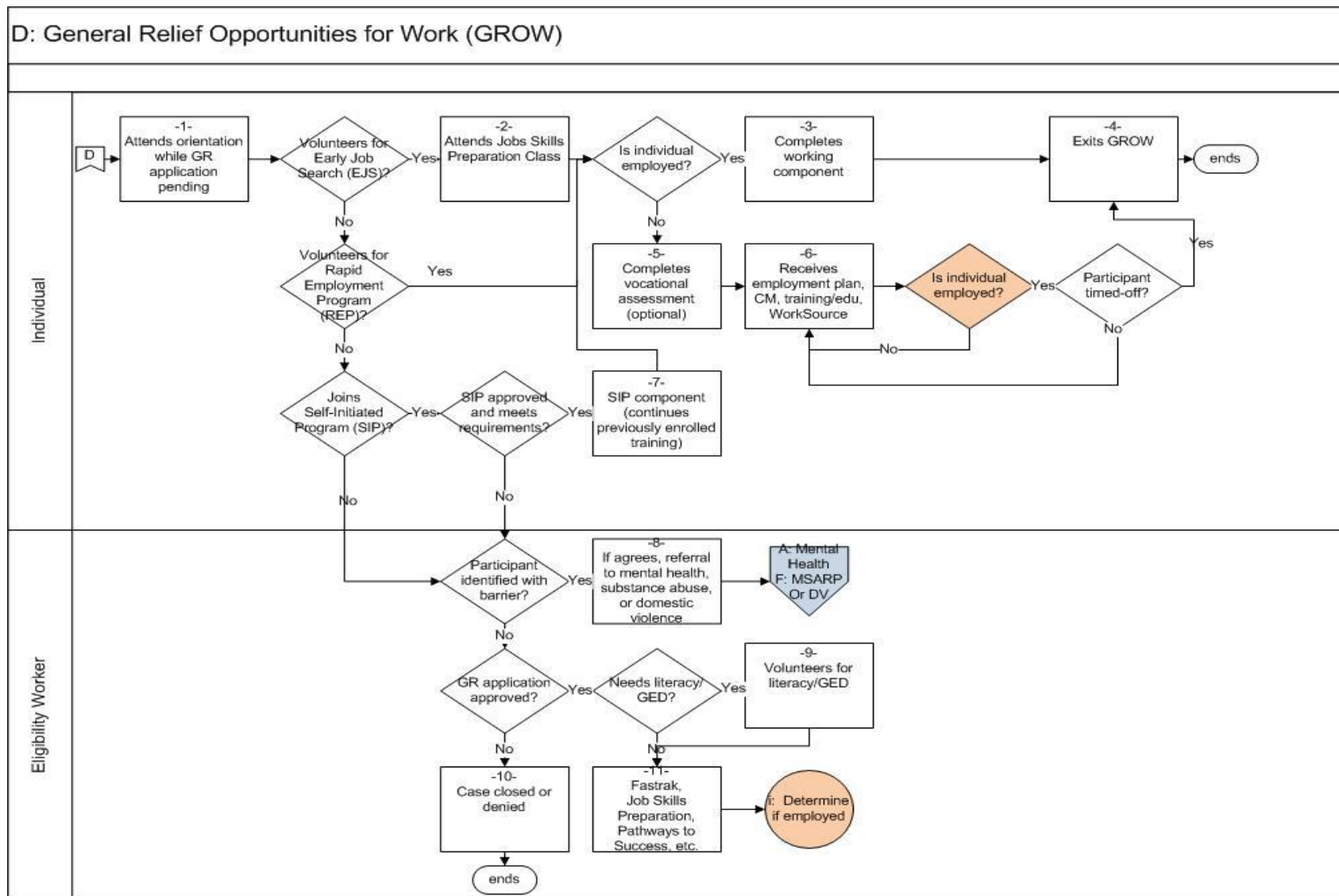
aid until the individual has received aid for nine months in a 12-month period. The time limit provided in this paragraph shall begin for each employable individual at the time the employable individual is enrolled in the mandatory welfare-to-work program set forth in paragraph (2).

- The county shall, within six months of the county's implementation of this subdivision, require employable individuals to participate while on aid under this part in services equivalent to the welfare-to-work program provided for pursuant to Article 3.2(commencing with Section 11320) of Chapter 2 of Part 3. Employable individuals shall participate in this program as a condition of eligibility for aid under this part.

**County Code 2.102.270 General relief-Eligibility – Time limits for employable**

- No employable general relief applicant or recipient who has been offered an opportunity to attend job skills or job training sessions shall be eligible for general relief for more than four months in any 12-month period, whether or not the months are consecutive.
- The department shall provide the job skills or job training sessions described in subsection A and shall offer each employable applicant and recipient the opportunity to attend such job skills or job training sessions.
- Notwithstanding subsections A and B, if the board implements the requirements of Section 17000.6(1) of the Welfare and Institutions Code, no employable applicant or recipient shall be eligible for general relief for more than six months in any 12-month period, whether or not the months are consecutive. However, such employable applicant or recipient who continues to comply with the department's welfare-to-work requirements shall be eligible for an additional three months in such 12-month period.



**D. Business Process**

Note: At any point during the process, the applicant may be deemed Needs Special Assistance (NSA) and connected to mental health services.

The goal of GROW is to transition employable GR recipients into the labor market in order to achieve financial independence.

- **Evaluation:** During the first encounter with GROW, participants are screened to determine their current situation. Information obtained includes education level, work experience, skills, barriers to employment, homelessness, etc. This information is used to determine the best way to assist each individual.
- During **Orientation**, participants receive a brief summary of the GROW program and its components. The establishment of individual's goals, expectations, mandatory participation and consequences for failure to participate in the program are also discussed.

#### Components:

- Applicants ready to participate prior to approval of their GR case are able to participate in **Rapid Employment and Promotion** which is designed to link "job-ready" participants with immediate employment opportunities. Also, participants who want assistance with job leads and transportation to get jobs can obtain these by enrolling in **Early Job Search** while the case is approved.
- Job Club: GROW offers three types of job club services: **Job Skills Preparation Class (JSPC)** which provides three weeks of job club activities to prepare participants for successful job searching. During the first week, it offers workshops on interviewing techniques, completion of résumés, "dress for success," and other work preparation skills. These workshops are followed by two weeks of guided job-searching activities. **Fastrak** is a specialized job club component that provides services to participants who are over 50 years old, chronically homeless, those who have participated in Mandatory Substance Abuse Recovery Program and those who have participated in JSPC in the past. **Pathways to Success** is a specialized job club for Transition Age Youth (TAY) participants between 18 – 24 years of age.
- Education/Training: GROW offers **Self-Initiated Program** (for participants who have enrolled in education/training prior to enrollment in GROW), as well as an inventory of **Education/Training** programs to prepare participants for employment, including **Short-Term Training** which offers fast-paced programs which **can be** completed within 60 days. In addition to an available inventory of programs, GROW offers customized services in the areas of **Office Occupations, Computer Applications Class, and Security Guard. Vocational Assessment** is offered as needed.

#### Specialized Services:

- **Literacy** is offered to participants who need to improve their literacy skills in order to be able to compete in the labor market.
- **GED** is offered to participants who do not have a high school diploma to increase their potential to reach self-sufficiency.

- **Day Reporting Center** is a program offered by the Probation Department. Participants are referred by the Judge as part of their probation requirements. Participation in this project has been customized to meet the Court's and GROW requirements.
- **WorkSource** or **One Stop** is a program offered by the WorkSource Centers. It provides training and job referrals for "job-ready" participants. DPSS has established collaboration with various WorkSource Centers which have agreed to enroll our participants in their job-readiness programs, and offer employment opportunities to GROW participants.
- **Intensive Case Management** offers assistance with job leads and resources to participants who have completed other components but have not been able to obtain jobs, as well as participants who are waiting to enroll in other components.

**Support Services:**

- Participants receive support services when needed for ***Mental Health Assessment and Treatment; Domestic Violence; Expungement of qualifying Criminal Records; Homeless Court.***

**Ancillary Expenses:**

- GROW provides ancillary expenses for transportation and other GROW-related expenses including, but not limited to, clothing, uniforms, tools, books, fees and supplies.

**E. Relevant Data**

Relevant data elements include:

1. Number of GROW participants who exited before 6 months, between 6 and 9 months, and stayed 9 months
2. Average number of months in GROW before exiting
3. Number of GROW participants who returned to GR 3 months after being timed-off
4. Number of homeless GROW participants at 6 and 9 months of aid
5. Average number of days between GROW components
6. Breakdown of GROW participants who find jobs
7. Demographics of GROW participants who are timed-off

**JANUARY 2010 – SEPTEMBER 2011 GROW ANALYSIS**

In order to effectively study the current GROW time limit, CEO-Services Integration Branch (SIB) conducted an analysis on GROW participants who met the following criteria:

1. Received GR aid for at least one month during the first six months of 2010
2. Were active in GROW
3. Were identified as employable in the GR program
4. Their employability status was consistent across the GROW and LEADER databases

Information on time limits and exit durations from the GR program were calculated from LEADER. Exits were tracked between the first half of 2010 (starting from the participant's first month of aid in GR during this six month timeframe) and September 2011.

Participants were counted as having returned to GR if they received a new "effective date" after being terminated from the program. The effective date corresponds with the date of application for approved GR cases. The number of days to exit from GR was calculated based on the difference between the termination date and the effective date. The durations are presented in months.

**There were a total of 45,685 GROW participants who met the selection criteria outlined above.** Relevant Data Elements #1 and #2 are a result of this analysis.

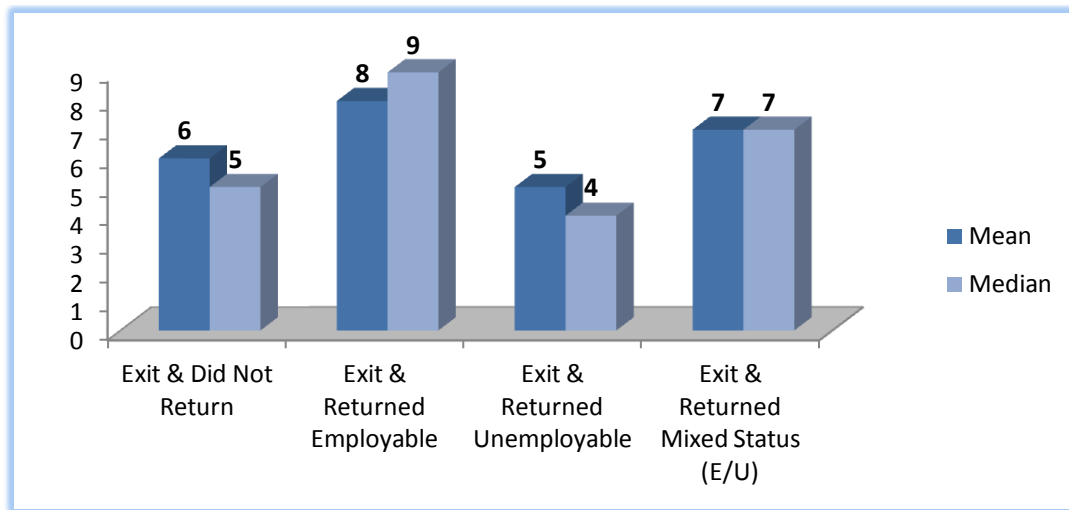
#### 1. NUMBER OF GROW PARTICIPANTS WHO EXITED BEFORE 6 & 9 MONTHS, AND STAYED 9 MONTHS

	Did Not Return		Returned Employable		Returned Unemployable		Returned Mixed (E/U)		TOTAL	
	#	%	#	%	#	%	#	%	#	%
<b>Exited before 6 months</b>	13,354	64.9%	4,350	28.5%	3,006	69.8%	2,678	48.4%	<b>23,388</b>	<b>51.2%</b>
<b>Exited before 9 months</b>	2,220	10.8%	3,141	20.6%	354	8.2%	999	18.0%	<b>6,714</b>	<b>14.7%</b>
<b>Stayed 9 months</b>	4,991	24.3%	7,785	51.0%	947	22.0%	1,860	33.6%	<b>15,583</b>	<b>34.1%</b>
<b>TOTAL</b>	<b>20,565</b>	<b>100.0%</b>	<b>15,276</b>	<b>100.0%</b>	<b>4,307</b>	<b>100%</b>	<b>5,537</b>	<b>100.0%</b>	<b>45,685</b>	<b>100%</b>

*Data Source: LEADER January 2010 – September 2011*

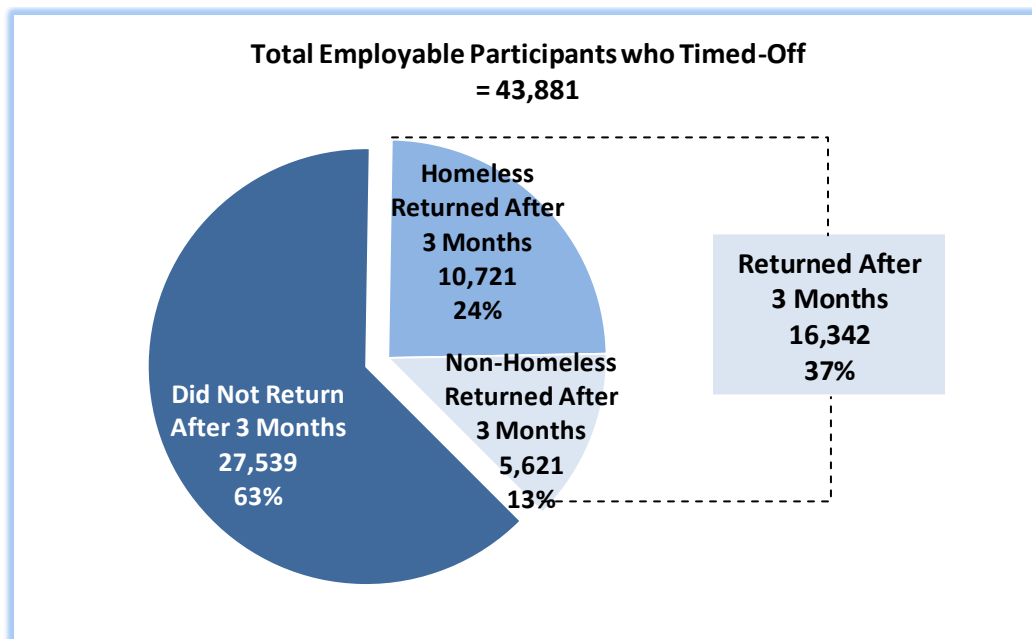
This table shows the exit characteristics of GROW participants in four separate employable groups: (1) those who exited GR as employable before the conclusion of the study period; (2) those who exited but subsequently returned to the program as employable participants; (3) those who exited GR as employable but who returned to the program later as unemployable; and (4) those who exited GR as employable but returned to the program later and who spent time in both the employable and unemployable status.

## 2. AVERAGE NUMBER OF MONTHS IN GROW BEFORE EXITING



Data Source: LEADER January 2010 – September 2011

## 3. NUMBER OF EMPLOYABLE PARTICIPANTS WHO RETURNED TO GR 3 MONTHS AFTER BEING TIMED-OFF



Data Source: LEADER FY 2010-11

#### 4. NUMBER OF HOMELESS EMPLOYABLE PARTICIPANTS AT 6 AND 9 MONTHS OF AID

	#
Homeless Employable Participants on GR at 6 months of aid	15,216
Homeless Employable Participants on GR at 9 months of aid	12,472

Data Source: LEADER FY 2010-11

#### 5. AVERAGE NUMBER OF DAYS BETWEEN GROW COMPONENTS

	Average # of Days
From application to Orientation	25
From Orientation to 1 <sup>st</sup> Case Manager Appointment	43
From Orientation to Job Club	74
From Orientation to Education Training	99

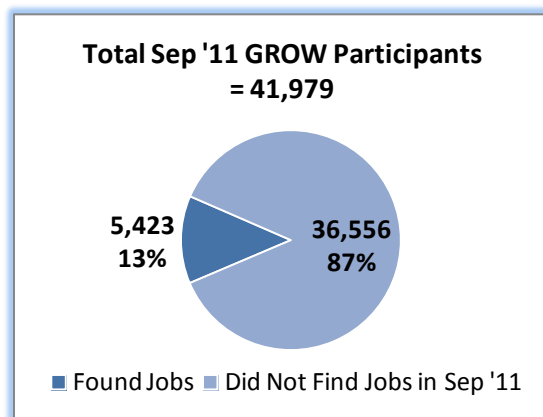
Data Source: MAPPER September 2011

Note: A case may be pending approval after the Orientation has taken place. The 1<sup>st</sup> Case Manager Appointment cannot begin until the Orientation has been approved.

#### 6. BREAKDOWN OF GROW PARTICIPANTS THAT FIND JOBS

	#	%
Find Jobs Before 6 Months	5,013	92.4%
Find Jobs in 7 <sup>th</sup> Month	169	3.1%
Find Jobs in 8 <sup>th</sup> Month	108	2.0%
Find Jobs in 9 <sup>th</sup> Month	56	1.0%
Find Jobs in 10 <sup>th</sup> Month or later	77	1.4%
<b>Total GROW Participants who Find Jobs</b>	<b>5,423</b>	<b>100%</b>

Data Source: MAPPER September 2011



Note: Job Placement is from 1st OAP date to date working component assigned.

Note: The number of GR participants who find jobs only reflects GR participants who report their employment to DPSS. GR participants who secure employment and then exit GR as a result of not submitting their QR7 are not reflected in this data.

## 7. DEMOGRAPHICS OF GROW PARTICIPANTS WHO ARE TIMED-OFF

GROW Participants who are Timed-Off

Ethnicity	#	%
Black	21,640	49.3%
Hispanic	12,189	27.8%
White	5,880	13.4%
Asian/Pacific Islander	678	1.5%
Alaskan/American Indian	185	0.4%
Other	3,309	7.5%
<b>TOTAL</b>	<b>43,881</b>	<b>100%</b>

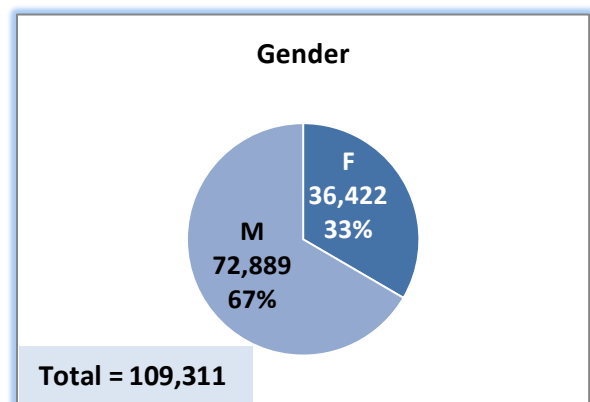
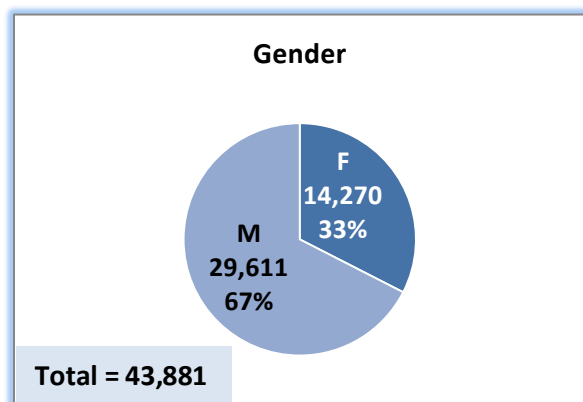
General GR Population

Ethnicity	#	%
Black	47,244	43.2%
Hispanic	34,065	31.2%
White	18,200	16.6%
Asian/Pacific Islander	2,437	2.2%
Alaskan/American Indian	546	0.5%
Other	6,819	6.2%
<b>TOTAL</b>	<b>109,311</b>	<b>100%</b>

Age	#	%
18-24 <sup>1</sup>	7,548	17.2%
25-34	9,698	22.1%
35-44	8,717	19.9%
45-54	13,375	30.5%
55-59	4,129	9.4%
60-65	414	0.9%
Over 65	0	0%
<b>TOTAL</b>	<b>43,881</b>	<b>100%</b>

Age	#	%
18-24	23,835	21.8%
25-34	22,062	20.2%
35-44	19,607	17.9%
45-54	29,189	26.7%
55-59	9,537	8.7%
60-65	4,827	4.4%
Over 65	254	0.3%
<b>TOTAL</b>	<b>109,311</b>	<b>100%</b>

<sup>1</sup> Includes 8 participants under the age of 18



Data Source: LEADER April 2011

## F. Financial Analysis

If the employable time limit were reduced to six months, the individuals that would be impacted are those that remain on GR for over six months. The chart below calculates the corresponding one-time savings of reducing the employable time limit to six months:

	Population	Savings
<b>Employable for 7 Months = 3 Month of Savings</b>	3,206	\$2,125,578
<b>Employable for 8 Months = 2 Months of Savings</b>	2,910	\$1,286,220
<b>Employable for 9 Months = 1 Months of Savings</b>	3,032	\$670,072
<b>One-Time Savings</b>	<b>9,148</b>	<b>\$4,081,870</b>

After the six-month time limit implementation, ongoing savings would be produced annually. It is assumed that on average 3,000 individuals per month would be terminated from GR due to hitting the six-month time limit, based on the data above. These individuals would have otherwise stayed on GR for seven, eight, or nine months; therefore, an average of two months of grant savings would be assumed.

<b>Average Caseload</b>	3,000
<b>2 Months Savings</b>	\$442
<b>Monthly Savings</b>	\$1,326,,000
<b>Ongoing Annual Savings</b>	<b>\$15,912,000</b>

*Data Source: LEADER June 2010 – May 2011 (Monthly Average)*

In addition to the fiscal impact on DPSS, implementation of this option is likely to increase costs for other County departments. Reduction in the length of time on GROW may lead to increased dependence on other County services, including but not limited to, health, mental health, and public health services.

## G. Fraud & Program Integrity Analysis

A reduction in fraud would likely be experienced proportional to a reduction in the length of time on aid. Simply by virtue of the aid period being shorter, the participant has less on-aid opportunity time to commit fraud. There is no data available to determine the timeframe during the GR aided period when most fraud occurs. Therefore, we have no basis beyond proportionality for determining the extent of fraud reduction due to the shortened aided period.

Option F requires a State legislative change to the Welfare and Institutions Code, which is unlikely in the short-term given the generally deliberative pace of legislation.



## H. Option Recommendation

Is this option being recommended to the Board of Supervisors?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Is there team consensus?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

### *Recommendation Rationale*

There are a significant number of employable participants who are staying on GR longer than six months and participating in GROW. Particularly, in the current economic climate, it may take GR participants longer to find employment. There may also be individuals who are participating in certification programs that take longer than six months who would either be discouraged from entering those programs or would be terminated from GR prior to completing their certification, thereby putting them at risk of not being able to complete these training programs. To reduce the GR timeframe would adversely affect these individuals and penalize GR participants for circumstances beyond their control. In addition, terminating assistance for these individuals earlier will likely increase the costs to other County departments, as they would not receive the GR grant or employment services. Moreover, six months may not be sufficient time for a participant to complete a job training program or to find a job.

## I. Implementation Considerations

Not applicable to this option.

## J. Divergent Views

Not applicable to this option.

# OPTIONS WITH DIVERGENT VIEWS

<i>Option B: Sanction Policy.....</i>	<i>74</i>
<i>Option D: Residency Verification.....</i>	<i>88</i>
<i>Option J: Additional SSIMAP Staff Pilot.....</i>	<i>103</i>

**Option B: Sanction Policy** – Change existing 0/30/60-day progressive sanction penalty to 30/60/90-day or 60/120/180-day progressive sanction penalty when GR participants refuse or fail to comply with the GR employable requirements without good cause.

## A. Description of Option

The County could implement one of the following two options:

1. Employable individuals (including the legal spouse and minor children) are ineligible for GR in accordance with the 60/120/180-day progressive penalty criteria when they refuse or fail to comply with the GR employable requirements without good cause. Once they are sanctioned they are terminated from GR and cannot reapply for benefits until their sanction period has passed. Sanctions are applied progressively for 60/120/180-days. Once the 180-day penalty has been imposed, all other subsequent sanctions are 180 days. The sanction cycle will restart after 12 months of no sanctions. This option will require a County Code change.
2. Employable individuals (including the legal spouse and minor children) are ineligible for GR in accordance with the 30/60/90-day progressive penalty criteria when they refuse or fail to comply with the GR employable requirements without good cause. Once they are sanctioned they are terminated from GR and cannot reapply for benefits until their sanction period has passed. Sanctions are applied progressively for 30/60/90-days. Once the 90-day penalty has been imposed, all other subsequent sanctions are 90 days. The sanction cycle will restart after 12 months of no sanctions. This option will require a County Code change.

## B. Potential Impact to Constituents

If this option were implemented, employable participants who refuse or fail to comply with GR employable requirements would experience longer sanction periods. The first sanction within a 12-month period would be extended from the current 0-day period to either 30 or 60 days. The second sanction would be extended from the current 30-day period to either 60 or 120 days. The third sanction would be extended from the current 60-day period to either 90 or 180 days. Similar to existing policy, GR participants would have an opportunity to prove good cause to avoid their sanction being imposed.

## C. Current Policy

Employable individuals are required to comply with employment, job training, work project, and welfare-to-work requirements. If an employable individual refuses or fails to comply with program rules such as completing Job Search or Job Club, without providing good cause, they are subject to sanctions.

### **GR Policy: 40-105.2**

Employable individuals (including the legal spouse and minor children) are ineligible for GR in accordance with the 0/30/60-day progressive penalty criteria when they refuse or fail to comply

with the GR employable requirements without good cause. When there is no good cause and it is the first sanctionable occurrence within the prior 12-month period, a 0-day penalty is imposed; when it is the second occurrence, a 30-day penalty is imposed; and when it is the third occurrence, a 60-day penalty is imposed.

Note: A 0-day sanction means that the individual refused or failed to comply with the program rules without providing good cause and has been terminated from the program. However, since it is the first sanction within a 12-month period, the individual can immediately reapply for benefits; for these individuals, there is no waiting period.

### Applicable Statutes and Regulations

#### **County Code: 2.102.120 General Relief – Employment requirements for employable applicants and recipients**

The department shall establish employment, job training, work project or welfare-to-work requirements for employable General Relief applicants and recipients. The eligibility of any General Relief applicant or recipient who fails or refuses to comply with any of such requirements will be discontinued. In addition, any member of the family residing with such applicant or recipient shall not receive or be eligible for General Relief for a period of zero, 30 or 60 days from the last date a General Relief payment was issued. The penalty depends upon the previous record of such non-compliance within the 365-day period preceding the effective date of the penalty to be imposed, except where such applicant or recipient has good cause for such failure or refusal.

#### **W&I Code: 17001.5**

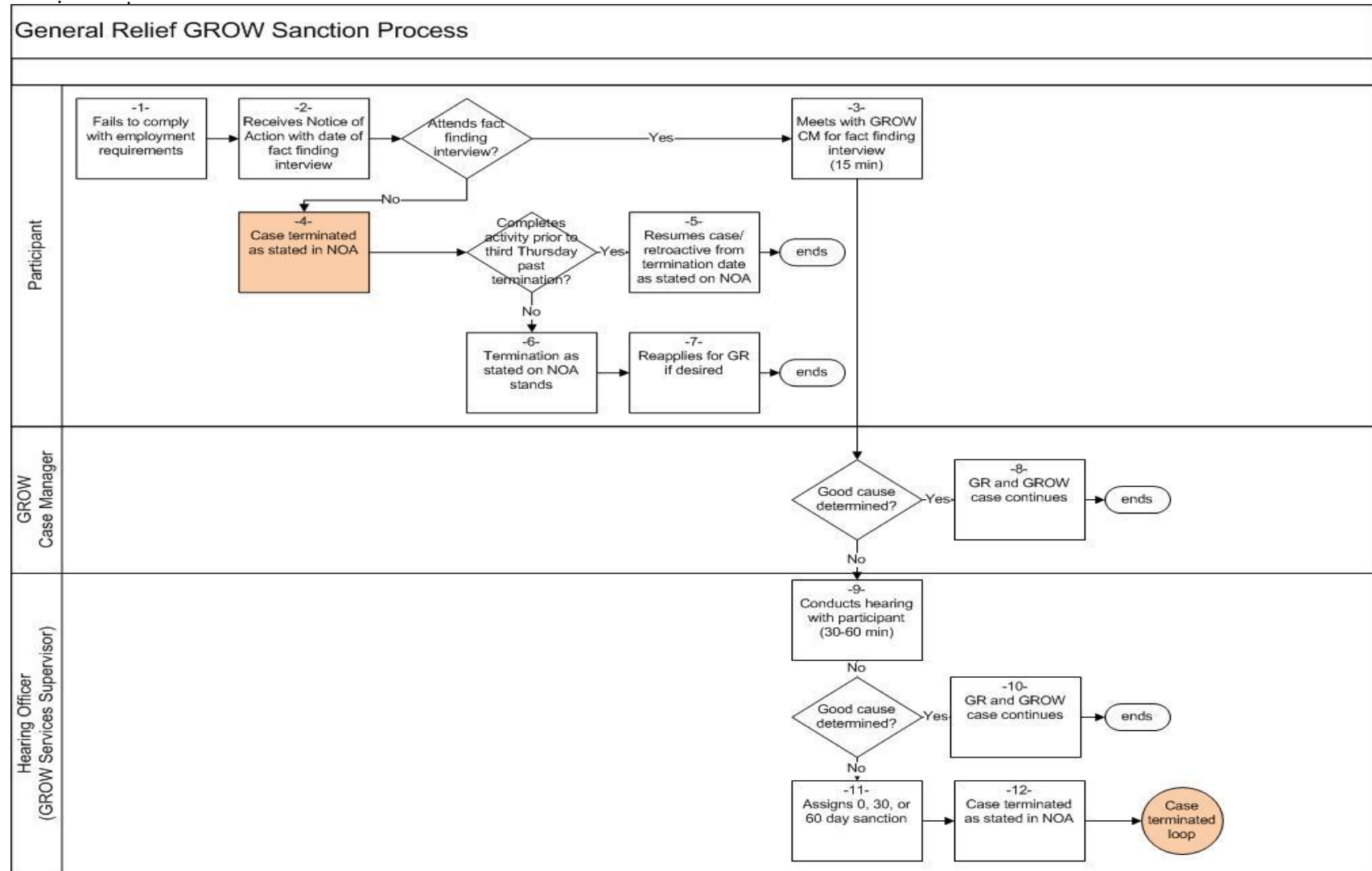
The Board of Supervisors of each County or the agency authorized by the county charter may do any of the following:

**Section 3:** Discontinue aid under this part for a period of not more than 180 days with respect to any recipient who is employable and has received aid under this part for three months if the recipient engages in any of the following conduct:

- A. Fails, or refuses, without good cause, to participate in a qualified job training program, participation of which is a condition of receipt of assistance.
- B. After completion of a job training program, fails, or refuses, without good cause, to accept an offer of appropriate employment.
- C. Persistently fails, or refuses, without good cause, to cooperate with the County in its efforts to do any of the following:
  - (i) Enroll the recipient in a job training program.
  - (ii) After completion of a job training program, locate and secure appropriate employment for the recipient.
- D. For purposes of this paragraph, lack of good cause may be demonstrated by a showing of any of the following:
  - (i) The willful failure, or refusal, of the recipient.
  - (ii) Not less than three separate acts of negligent failure of the recipient.

## D. Business Process

The sanction process is imposed when a participant fails to comply with a required employment activity. The process flow chart below shows the general process that is used when a participant refuses or fails to comply with an activity that is part of the GR employable



## E. Relevant Data

Relevant data elements include:

1. Comparison of other counties' sanction policy with Los Angeles County's
2. Top four GROW sanctions
3. Frequency of 0-, 30-, 60-day sanctions
4. Number of sanctions in which the participant returned to GR
5. Number of days to return to GR after being sanctioned for sanctioned participants who returned to GR
6. Number of resolved and unresolved sanctions
7. Number of participants determined to have permanent mental health disability under new mental health assessments

### 1. COMPARISON OF SANCTION POLICIES IN OTHER COUNTIES

	1 <sup>st</sup> Sanction	2 <sup>nd</sup> Sanction	3 <sup>rd</sup> Sanction
<b>Los Angeles</b>	0 day	30 days	60 days
<b>Alameda</b>	180 days	180 days	180 days
<b>San Diego</b>	30 days	180 days	360 days
<b>San Bernardino</b>	30 days	60 days	90 days
<b>Orange</b>	90 days	180 days	Permanent
<b>Riverside</b>	30 days	60 days	90 days
<b>San Francisco</b>	30 days	60 days	90 days

*Data Source: DPSS August Memo County Comparison Chart*

### 2. TOP FOUR GROW SANCTIONS

	Description	%
<b>Case Management Appointment</b>	Participant failed to attend a scheduled Case Management Appointment where the GROW Case Manager conducts the initial appraisal, ensures the participant's service needs are met, and/or plans the necessary program activities to remove employment barriers and achieve employment goals.	44%
<b>Job Club/Job Skills Prep Class</b>	Participant failed to complete a three-week activity consisting of a one-week job skills workshop and two weeks of directed, intensive job search activities.	25%
<b>Job Search (Intensive Case Management)</b>	Participant failed to comply with intensive job searching activities such as the 20 hour per week job searching requirement, or falsification or late submissions of their job search form.	13%
<b>Orientation</b>	A GR applicant determined to be employable or an approved GR participant (for example an individual who was unemployable but is now determined employable) failed to attend their GROW orientation.	7%

*Data Source: MAPPER June 2011*

## JANUARY 2010 – SEPTEMBER 2011 GROW SANCTION ANALYSIS

In order to effectively evaluate this option, CEO-SIB conducted an analysis of GROW participants who met the following three criteria:

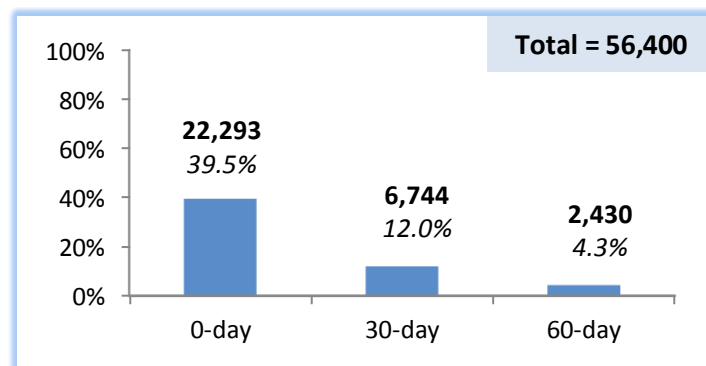
1. Received GR aid for at least one month during the first six months of 2010
2. Was active in GROW
3. Was identified as employable in the GR program

GROW sanctions were extracted from LEADER and then linked to LEADER termination information. All sanctions not leading to a termination (those with rescinded terminations) as well as sanctions that had good cause indicators were dropped from this analysis.

If a participant had a 30-day sanction during the study period but no 0-day sanction, it is assumed that the participant had a 0-day sanction before 2010. The same logic applied for 60-day sanctions with no current 0- or 30-day sanctions.

**There were a total of 56,400 GROW participants who met the selection criteria outlined above. Sanction data for this population was pulled from LEADER from January 2010 – September 2011 to track the following three data elements.** Relevant Data Elements #3, 4, and 5 are the result of this analysis.

## 3. NUMBER AND PERCENT OF GROW PARTICIPANTS WHO RECEIVED 0-, 30-, 60-DAY SANCTION



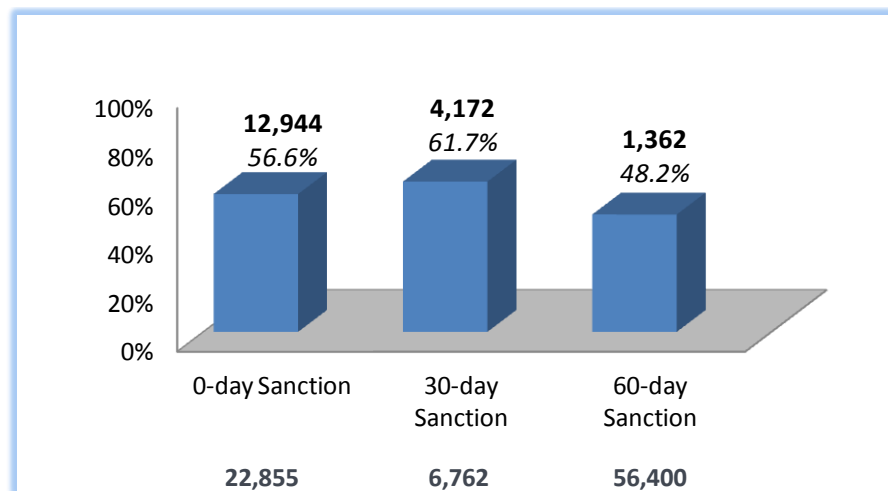
	0-day		30-day		60-day	
Yes	22,293 <sup>1</sup>	39.5%	6,744 <sup>2</sup>	12.0%	2,430	4.3%
No	34,107	60.5%	49,656	88.0%	53,970	95.7%
TOTAL	56,400	100.0%	56,400	100.0%	56,400	100.0%

Data Source: LEADER January 2010 – September 2011

<sup>1</sup> Total count of participants with 0-day sanctions includes over 4,300 participants sanctioned 0-days before 2010, as the participant had a 60- and/or 30-day sanction during the study period but no 0-day sanction.

<sup>2</sup> Total count of participants with 30-day sanctions includes approximately 1,700 participants that were sanctioned 30-days before 2010, as the participant had a 60-day sanction during the study period but no 30-day sanction.

#### 4. NUMBER AND PERCENT OF GROW SANCTIONS IN WHICH THE PARTICIPANT RETURNED TO GR



	0-day		30-day		60-day	
<b>Yes</b>	12,944	56.6%	4,172	61.7%	1,362	48.2%
<b>No</b>	9,911	43.4%	2,590	38.3%	1,465	51.8%
<b>TOTAL</b>	<b>22,855</b>	<b>100.0%</b>	<b>6,762</b>	<b>100.0%</b>	<b>56,400</b>	<b>100.0%</b>

Data Source: LEADER January 2010 – September 2011

Note: If a participant had a new effective date after being terminated for a GROW sanction, that participant is labeled as having returned to the GR program.

Note: The unit of measure is sanctions not participants; therefore, the total number of 0-, 30-, and 60-day sanctions is greater than the number of participants sanctioned 0-, 30-, and 60-days in Relevant Data Element #3 as a participant can receive multiple sanctions during the study period.

#### 5. NUMBER OF DAYS TO RETURN TO GR AFTER BEING SANCTIONED FOR SANCTIONED PARTICIPANTS WHO RETURNED TO GR

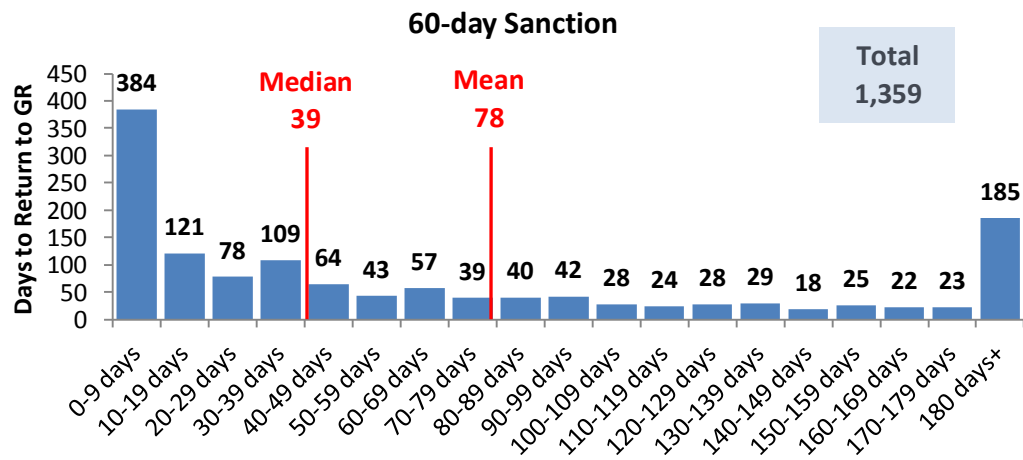
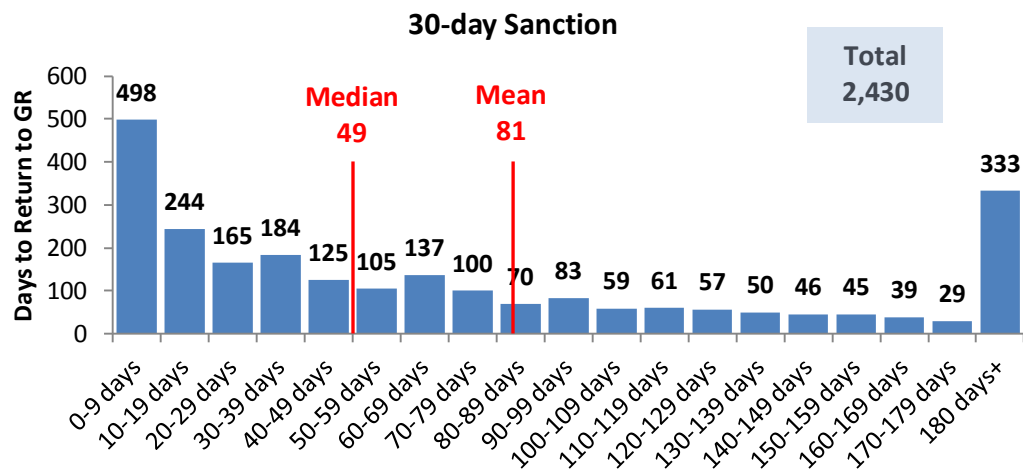
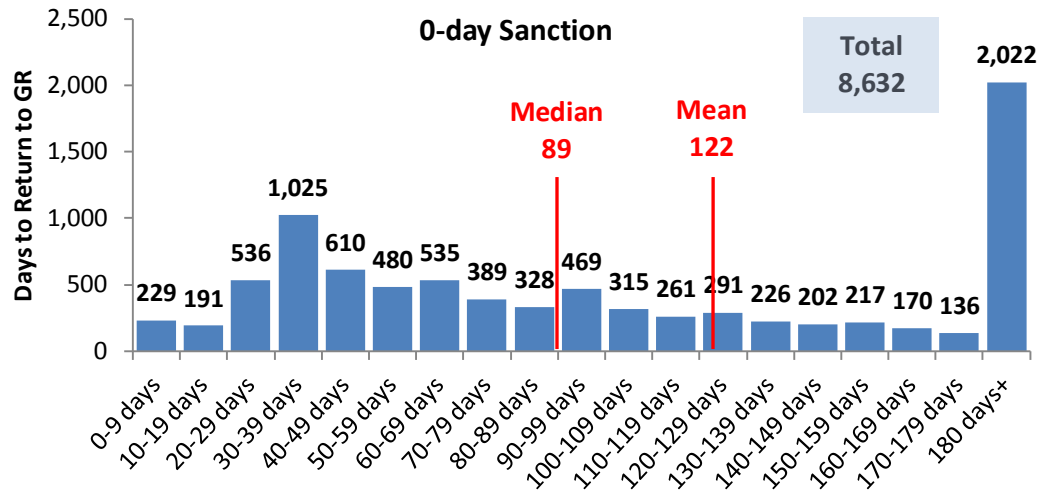
	Average # of Days to Return to GR Program	
	Mean	Median
<b>0-day Sanction</b>	122	89
<b>30-day Sanction</b>	81	49
<b>60-day Sanction</b>	78	39

Data Source: LEADER January 2010-September 2011

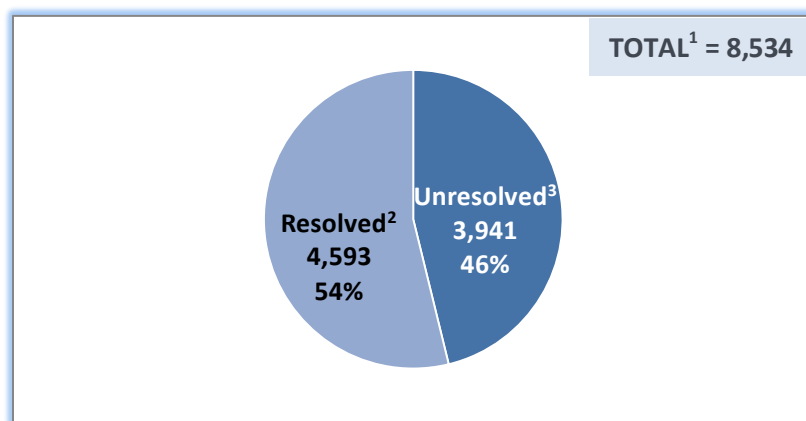
Note: The number of days to return to the GR program is the difference between the sanction end date (the date the sanctioned participant is eligible to re-apply) and the new effective date.

Note: Does not include the 0- and 30-day sanctions before 2010 in which the participant had a 60- or 30-day sanction during the study period but no corresponding 0- or 30-day sanction. These were not included as it is not possible to determine the length of time to return to GR. Therefore, the number of 0-, 30-, and 60-day sanctions does not match Data Element #4.





## 6. NUMBER OF RESOLVED AND UNRESOLVED SANCTIONS



Data Source: MAPPER January 2010-September 2011 Monthly Average

<sup>1</sup> The Total sanctions represents the monthly average number of GROW sanctions from January 2010 – September 2011. This includes sanctions that led to rescinded terminations and sanctions that were imposed in which the participant was terminated for non-GROW sanction reasons.

<sup>2</sup> Resolved means the sanctioned recipient was able to provide good cause and their sanction was repealed. If this occurred after the termination took effect, the termination was rescinded.

<sup>3</sup> Unresolved means the sanctioned participant was not able to provide good cause and their sanction was upheld.

## F. Financial Analysis

To calculate prospective savings for this option, the distribution of the number of days to return to GR after being sanctioned (Relevant Data Element #5) was used. This financial analysis assumes that savings will be produced from increased sanction periods for those individuals who re-apply for GR within the increased sanction period proposed (for example, an individual who re-applies for GR immediately after a 0-day sanction would not be able to re-apply 30 or 60 days later if this option were implemented; therefore we can assume a one- or two-month savings in the GR grant, respectively).

This financial analysis does not account for changed GR participant behavior as a result of a stricter sanction policy. For example, a stricter sanction policy may lead to increased program compliance, which would reduce the number of sanctions imposed. Increased program compliance will lead to better employment outcomes for employable GR participants, such as increased employment placements. A stricter sanction policy may also lead to a decreased number of sanctioned individuals re-applying for GR. The impact of a stricter sanction policy on participant behavior is unpredictable and hence not included in this financial analysis. Therefore, the prospective savings may be higher or lower than calculated below.

**30-, 60-, 90-day Option**

Sanction Type	Cases Sanctioned (21 months)	<u>A</u> Cases that Returned within 30 Days (21 months)		<u>B = A/21</u> Estimated Monthly Sanctions	<u>C = B*\$221</u> Additional Sanction Savings
		#	%		
<b>0-day</b>	8,632	956	11.1%	46	\$10,061
<b>30-day</b>	2,430	907	37.3%	43	\$9,545
<b>60-day</b>	1,359	583	42.9%	28	\$6,135

**Monthly Savings****\$25,741****Yearly Savings****\$308,895****60-, 120-, 180-day Option**

Sanction Type	Cases Sanctioned (21 months)	<u>A</u> Cases that Returned within 60 Days <sup>1</sup> (21 months)		<u>A</u> Cases that Returned within 90 Days <sup>2</sup> (21 months)		<u>A</u> Cases that Returned within 120 Days <sup>3</sup> (21 months)		<u>B = A/21</u> Estimated Monthly Sanctions	<u>C = B*\$221*</u> <u>Months Increased</u> Additional Sanction Savings
		#	%	#	%	#	%		
<b>0-day</b>	8,632	3,071	35.6%	-	-	-	-	146	\$64,320
<b>30-day</b>	2,430	-	-	1,628	67.0%	-	-	78	\$51,383
<b>60-day</b>	1,359	-	-	-	-	1,029	75.7%	49	\$43,316

**Monthly Savings****\$159,019****Yearly Savings****\$1,908,227**

<sup>1</sup> The difference between the proposed 60-day sanction and the current 0-day sanction is 60 days. Therefore the number of individuals who returned within 60 days is used.

<sup>2</sup> The difference between the proposed 120-day sanction and the current 30-day sanction is 90 days. Therefore the number of individuals who returned within 90 days is used.

<sup>3</sup> The difference between the proposed 180-day sanction and the current 60-day sanction is 120 days. Therefore the number of individuals who returned within 120 days is used.

**G. Fraud and Program Integrity Analysis**

Option B is a compliance issue, and impacts a participant's commission of fraud to the extent that the participant has no opportunity to commit fraud for the period of time the sanction is in effect. Fraud dollar findings would be reduced commensurate with the 30-day sanction time period, and additional time beyond the 30 days during which the participant neglects to re-apply for GR benefits. It is unknown what deterrent effect previously imposed sanctions will have on GR participants' willingness to attempt future fraud.

## H. Option Recommendation

Is this option being recommended to the Board of Supervisors?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Do we have team consensus?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

## I. Implementation Considerations

Not applicable to this option.

## J. Divergent Views

*Divergent views are solely the opinions of the author stakeholder group and do not reflect the views or perspectives of the County of Los Angeles. They are intended to provide the stakeholder groups the opportunity to provide their unabridged opinion to the Board of Supervisors when considering adoption of an option. Divergent views have not been edited in any fashion, nor have they been validated for accuracy.*

### Department of Public Social Services

DPSS supports changing the 0/30/60-day progressive penalty to a 30/60/90-day progressive penalty. This will eliminate the zero day penalty. DPSS believes that knowledge of stricter noncompliance penalties, especially with the elimination of the 0-day penalty, may increase program integrity and program compliance by encouraging individuals to comply with their work requirements and prevent GR sanctions from occurring.

GR Intake EWs help participants become aware of their rights and responsibilities at the time they apply for GR benefits. Every GR applicant must review and sign a LEADER Statement of Facts (SOF) to be eligible for GR. The LEADER SOF clearly describes the work requirements that every employable GR applicant/participant must comply with to obtain and maintain eligibility for GR. Furthermore, the SOF specifically explains the 0/30/60-day progressive penalty. GROW participants receive another explanation of the noncompliance policy at their GROW Orientation. GROW Case Managers also explain the sanction policy to each of their participants during their initial Case Manager Appointment (CMA). In addition, whenever a participant needs clarification on any work requirements, he/she can contact the EW either using the Customer Service Center or by calling the phone number for District Offices that are not supported by the Customer Service Center.

Whenever a participant fails to comply with work requirements, the Notice of Action (NOA) he/she receives explains that a sanction has been imposed and provides the date the participant can reapply. The 0-day penalty allows for an individual to immediately reapply for GR benefits which creates additional costs associated with processing GR applications. In addition to policies currently in place to notify participants of established sanction regulations, DPSS will include a "Sanction Fact Sheet" in every GR application packet that the Intake EW will thoroughly discuss with each GR applicant.

Option B will not affect unemployable individuals who want to volunteer to participate in the GROW program, thus allowing them the opportunity to benefit from GROW services without the possibility

of case discontinuance and sanctions. GROW volunteers are exempt from GROW requirements because they have been deemed unemployable by a licensed medical contractor or DMH clinician.

DPSS researched the sanction policies of counties throughout the State and did not find a single other county that applies a zero-day sanction penalty. As described in Relevant Data Element #1, other counties have stricter sanction policies. Alameda County, for example, does not use a progressive penalty model and simply applies a 180-day sanction for each instance of noncompliance. Other counties such as Orange County and San Francisco have developed a process where the participant is notified of the sanction, the sanction reason, and whether a sanction will be imposed. If the participant does not contact the EW to resolve the noncompliance and/or request a hearing, the case will be discontinued. In addition to the steps followed in Orange and San Francisco Counties, DPSS provides further support by automatically scheduling noncompliant individuals for a hearing at which they have the opportunity to dispute the sanction. For those participants who are homeless, the notice is provided when the participant visits the District Office to pick up mail. Homeless participants are required to sign and are given a copy of the PA 1815, Important Notice Regarding Mailing Address, which requires them to pick up mail at least once per week at the District Office.

According to the 0-day sanction graph in Relevant Data Element #5, on average, it takes individuals 122 days to reapply after receiving a 0-day penalty (out of individuals who actually reapply); therefore, any direct savings from this policy change would be minimal. At the same time, the data in the 0-day Sanction graph in Relevant Data Element #5 shows a much lower incidence of 30-day and 60-day sanctions, compared to 0-day sanctions. In this context, the intent of this policy change is to increase the number of participants complying with program requirements and utilizing the welfare-to-work services available through the GROW program.

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#### **Chief Executive Office**

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The CEO supports the elimination of a 0-day sanction and the implementation of a 30/60/90-day progressive sanction penalty for GR participants who refuse or fail to comply with the GR employable requirements without good cause. Instituting stricter noncompliance penalties may increase program integrity and compliance and will reduce the additional workload on EWs. Individuals with 0-day sanctions are terminated from GR and must go through the entire GR application process in order to receive GR benefits once again; thereby increasing the total number of applications that need to be processed. By eliminating the 0-day sanction, the goal is for individuals to comply with the program requirements and for the need for duplicate application to be significantly reduced; enabling EWs the time and resources to provide quality and efficient services to constituents.

In addition, DPSS currently has a structured process in place to provide GR participants an opportunity to prove good cause when they are not compliant with an employable requirement. GR participants are automatically scheduled for a sanction hearing and are even given additional time past their termination to contact DPSS and provide good cause. If the sanction policy is changed, DPSS will continue to make reasonable efforts in this area to provide constituents a fair opportunity to prove good cause when they are noncompliant with an employable requirement.

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**Public Social Services Commission**

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The PSS Commission supports the existing 0/30/60-day progressive sanction penalty. If the policy change does move to a 30/60/90-day sanction penalty, the Commission will support the 30/60/90-day penalty with a sunset period and review after 6-12 months. There is an absence of data to support the increase to the sanction penalty, which calls for the need to closely review and determine whether this program change is beneficial. Moving to stricter sanctions does not necessarily predict a more compliant program. The long-term financial impact is unknown.

A comparative data analysis of the 0/30/60-day sanction data and the 30/60/90-day sanction data is necessary to determine this option's impact and its effectiveness.

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**Homeless & Housing Advocates**

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While the report acknowledges that the deterrent value of increasing sanctions is unknown, it recommends increasing the sanction policy nevertheless, a policy that would cause further hardship to GR recipients, particularly to recipients who are homeless.

Data show that 43.4% of GR recipients never reapply after a zero-day sanction, suggesting that former recipients tend to have difficulties getting back onto GR. One reason is undoubtedly that many on GR are low-functioning. Homeless recipients often have difficulties getting to appointments due to their day-to-day focus on survival. Many do not have the wherewithal to complete the GROW requirements, but have not been deemed unemployable because they do not have the documentation needed to substantiate disability. Additionally, many homeless recipients cannot obtain the transportation they need to get to Case Manager Appointments, the most common cause of GR sanctions.

The report indicates over 50% of GROW participants are sanctioned, indicating that Option B will impact a significant number of recipients. While GR generally does not offer a pathway out of homelessness, it does offer some assistance to the County's most vulnerable residents. Removing access to this assistance for any length of time will prove to be a hardship to people who have no other means of daily survival. For many, GR is a critical component of this survival. GR is, in essence, a resource of last resort; to disallow access to this resource directly hinders the mission of the program.

Further, increasing sanctions on people on GR—who have little access to health care—would perpetuate these recipients' inability to obtain appropriate health care. The County plans to offer GR recipients better care by enrolling automatically all recipients into Healthy Way LA, allowing tens of thousands of homeless people on GR to access appropriate care, while allowing the County to recoup \$0.50 for every \$1.00 the County spends. Automatic enrollment will provide many homeless people who previously were not deemed disabled—due primarily to poor access to care—to prove disability and eligibility for SSI and Medi-Cal, thereby relieving the County cost of health care and potentially offering a path toward housing and out of homelessness. Because Option B would result in removing from GR potentially thousands of individuals, these individuals will fail to be enrolled into Healthy Way LA through GR, frustrating County plans to enroll all homeless residents into this program.

Additionally, this option would impede County goals of reducing barriers homeless people face in accessing County programs and services. In these ways, these sanctions would derail the County's plan to reduce and eventually eliminate chronic and veteran homelessness, articulated in the County's endorsement of the Home for Good Plan. These costs would come with no benefit to the County. GR recipients now sanctioned tend to remain off of GR for longer than required, indicating no net benefit to the County by imposing this "deterrent."

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### Legal Advocates

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#### Increasing GR Sanctions: Cruel, Unnecessary, Expensive and Illegal

##### *Increasing GR Sanctions is Cruel*

The current sanctions regulations are already extremely severe, as they are actually applied by DPSS and experienced by the poor of Los Angeles who are trying to survive on \$7.26 per day. Over 43% of people receiving a "0-day" sanction give up and never reapply. Of those who do reapply, very few reapply immediately. DPSS data shows that only 2.6% reapply within 10 days, even though they are eligible. The mean time to reapplication is 122 days. We know from our direct work with participants that any delay and/or failure to reapply for GR is primarily because people who are already desperate are completely discouraged from seeking assistance or are unaware that they can simply reapply for assistance.

DPSS and the CEO seek to provide comparisons of potential sanctions in other counties to Los Angeles County. These representations are wildly misleading. Los Angeles County applies sanctions far more frequently than other counties. On average, our county sanctions an average of 4,867 applicants and participants each month—the equivalent of 11% of the people subject to sanction (i.e. the employable caseload). This is 3.25 times the number of people who actually get jobs through strict compliance with the employment program.

By comparison, in a typical month, Orange County sanctions 12 people, 6% of its employable caseload. San Diego County sanctions 20 people, or 1.6% of its total caseload. San Bernardino County, quite illegally, has virtually no employables (13 out of 405) who could be subject to a sanction.

##### *Increasing GR Sanctions is Unnecessary*

The increased sanctions serve no legitimate purpose. The majority of sanctions are imposed, not on scofflaws, but on people who miss appointments (44%) or fail to complete and document 20 job searches per week (13%). Sanctions are routinely imposed on participants who missed meetings. The great majority of those meetings have no actual connection to any real prospect that a GR recipient will actually obtain employment. For people trying to survive on \$221 per month, the burden of being terminated and forced to reapply provides a sufficient incentive to attend a meeting.

##### *Increasing GR Sanctions is Expensive and Counterproductive to the County's Other Efforts*

While the GR grant in Los Angeles County is only \$221 per month, it helps reduce homelessness in the County on any given night, as at least some otherwise homeless GR recipients are able to pay for a room for a few nights. Increasing sanctions will guarantee more homelessness in Los Angeles,

putting more people on the streets competing for scarce shelter resources. This is not only indefensible in terms of the impact on individual lives, but also because it will cost the County more than it saves. As the County's own studies through the Adult Linkages Project have shown, when GR participants are able to stay housed and off the streets, the savings in health care costs alone more than pay for their entire GR benefit. Keeping people from receiving GR might reduce the DPSS budget, but only by adding to the burden on the Department of Health Services and other County departments.

Increasing the number of individuals disconnected from GR will also have other serious, if unintended, financial consequences effecting the County's ability to recoup other costs. This option will seriously interfere with the County's own plan to move GR participants to the Healthy Way L.A. program, where their health care costs will be shared equally with the federal government. The County cannot efficiently or effectively move GR participants to the new health care program if they have been terminated, sanctioned, and disconnected from DPSS. The next opportunity the County will have to enroll these individuals is likely to be following an expensive, unnecessary trip to a County emergency room.

### *Expanding the Sanctions Will Compound Their Illegality*

The increased sanctions, like those currently imposed, will be administered without due process. For many homeless participants, notice of the meetings that participants purportedly "missed" was sent by DPSS to its own District Office, under circumstances that are not reasonably calculated to lead to actual notice (as is required by the United States and California Constitutions). About two thirds of those terminated receive purported notice in this fashion.

Even when participants do receive notice and have good cause for missing appointments, it is often impossible for them to reach EWs to establish good cause, under the County's regulations. In theory, participants can request a formal hearing regarding good cause, but that process appears to be a charade. DPSS data shows that participants won only 90 out of 4786 hearings (1.8% of cases). Those 90 cases were likely the few in which GR participants are able to get representation. Entirely apart from issues of notice and due process, the County's existing sanctions regulations violate Welfare and Institutions Code Section 17001.5, by imposing sanctions for less than three negligent failures to comply.

Adopting this proposal will lead to litigation, not only to stop implementation of this option, but also to obtain back benefits for those wrongly terminated and sanctioned in the past.



**Option D: Residency Verification** – Require all GR applicants/participants to provide verification of their residency in Los Angeles County for at least 15 days as a condition of eligibility. Individuals who cannot provide verification of residency in Los Angeles County will not be aided for the first 15 days following their application for GR.

## A. Description of Option

A possible alternative to Option D was devised for consideration by the Work Group. The proposed alternative is as follows:

To increase engagement with Temporarily and Administratively Unemployable (Temp U and AU) participants (**not deemed Needs Special Assistance**), Temp U and AU participants will be required to submit Residency Verification quarterly with their QR 7. As these participants are not active in GROW or SSI, they are not on a pathway towards employment or SSI benefits; therefore, they are not actively engaged with the GR program.

**Exemptions from Residency Verification include ALL participants deemed:**

- **Permanently Needs Special Assistance (NSA)** by a DMH clinician. This will eliminate an unnecessary burden on severely mentally ill GR participants who may not be competent enough to obtain proof that they reside in Los Angeles County.
- **Temporarily NSA** by a DMH clinician. These participants will be exempt from providing verification of residency for the duration of their Temporary NSA status. Residency verification will be required with the QR7 following the expiration month of their Temporary NSA status.
- **Permanently Unemployable** by one of the County's medical contractors.
- **Employable and Employable with Accommodations**. These participants will be exempt from providing verification of residency since they will be participating in the GROW program.
- **Permanent and Temporarily Unemployable** and who volunteer to participate in GROW.

For participants subject to this QR7 residency verification requirement, an affidavit will not be sufficient. However, participants can submit a signed residency verification form completed by an acceptable collateral contact. To simplify the process, the County will create a standard residency verification form.

***Acceptable verification of residential address may include:***

- Utility bills in the GR applicant's name.
- Rent receipt or Rental agreement.

***If the verification listed above is not available or if the GR participant is homeless, acceptable third party residency verification may be provided. Acceptable third party verification may include:***

- Bus ticket stubs showing the date of arrival in Los Angeles County.

- California identification issued in the last 6 months and displaying a L.A. County address.
- Homeless service agency's statement indicating that individual has been receiving services from them for the last 15 days or more.
- Shelter service provider's statement indicating that the individual has been residing at the shelter for the last 15 days or more.
- Receipts from shelter service providers or homeless service agency.
- Letter from any County agency/Community Based Organization that verifies that the GR applicant has been receiving services in L.A. County for the last 15 days or more.
- Signed verification form from collateral contacts such as merchants, religious/community members, friends who occasionally provided the participant with shelter, employers, social services agencies, or Health Care professionals within LA County.

## **B. Potential Impact to Constituents**

If the option alternative were implemented, Temp U and AU participants would be required to submit residency verification on a quarterly basis. Acceptable forms of residency verification for housed individuals would not change, however homeless individuals would no longer be able to provide an affidavit as sufficient residency verification. Homeless individuals would be required to provide acceptable third-party verification to prove Los Angeles County residency.

## **C. Current Policy**

### **GR Policy: 42-402.1 Residency Requirements**

To meet the residency requirement, the individual must:

- Be a resident of the County for at least 15 calendar days and intends to remain permanently or indefinitely. A homeless individual's statement on the application is sufficient; unless other objective evidence substantiates that the individual is not a Los Angeles County resident;
- Be a U.S. citizen or a documented immigrant entitled to reside in the U.S. permanently, or an immigrant who has been granted temporary residence status under the Immigration Reform and Control Act (IRCA) of 1986;
- Persons who reside in a mobile home, motor home, camper, boat, or houseboat may be eligible to GR as long as the vehicle is parked/docked at a residential address; and
- Residency can be established and aid approved on or after the 15th calendar day of residency within the County.

### **GR 42-406.1 – Residence Address**

If the applicant is homeless:

- The district office of application may be used as the residence address.
- Post Office Box, Commercial Mail Receiving Agent (CMRA), Community Agency or Mail Drops **cannot** be used as a residence address.

**GR 42-403.5 – Verification: Intent to Reside**

The individual's statement on the application is acceptable evidence of intent to reside in Los Angeles County, unless contradicted by his/her actions or other evidence.

**Applicable Statutes and Regulations****W&I Code Section 17001.5**

Notwithstanding any other provision of law, including, but not limited to, Section 17000.5, the board of supervisors of each county, or the agency authorized by the county charter, may do any of the following:

- Adopt residency requirements for purposes of determining a person's eligibility for general assistance. Any residence requirement under this paragraph shall not exceed 15 days.
- Nothing in this paragraph shall be construed to authorize the adoption of a requirement that an applicant or recipient have an address or to require a homeless person to acquire an address.

**County Code 2.102.150 General Relief Residency**

At the time of application for general relief, and at other times as deemed necessary by the department, but not less than once annually, the department shall determine, wherever possible, the legal residence of each applicant and recipient. Each applicant and recipient shall have the burden to demonstrate that such person is a legal resident of the county of Los Angeles when requested to do so by the department. If it is determined by the department such person is not a legal resident of the county of Los Angeles, then such person may be eligible for general relief only as provided in Sections 2.102.210 and 2.102.220.

- **Non Resident Indigent**  
Section 2.102.210 states that "if the department determines that an applicant or recipient is a nonresident indigent, it may furnish general relief emergency aid to such nonresident for a period not exceeding 90 days, provided that the nonresident or a member of such person's family is unable to travel to the county, state or country of legal residence or that there is an immediate prospect that the nonresident will be supported from other sources..."
- **Board and Care of Dependent and Neglected Children**  
Section 2.102.220 states that the "department may provide general relief payments for the board and care of dependent and neglected children...during the period when such board and care are necessary for the protection of such children and such children are not eligible for any other welfare program. Such children shall be considered emergency cases and may include children who are not legal residents of the county of Los Angeles."

**D. Business Process**

Not applicable to this option.

## E. Relevant Data

1. County comparison of residency verification policy, practice, and screening tools
2. Caseload impact of surrounding counties pre- and post-SF Care Not Cash implementation
3. GR homeless recipients
4. Temporarily U and AU GR participants
5. GR applications denied due to declaring less than 15 day residency
6. GR applications from those declaring homelessness
7. GR homeless participants
8. Electronic Benefits Transfer (EBT) Data on GR Homeless and Non-Homeless vs. CalWORKs

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### 1. COUNTY COMPARISON OF RESIDENCY VERIFICATION POLICY, PRACTICE, AND SCREENING TOOLS

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San Francisco, Alameda, and Orange Counties accept a Statement of Facts or affidavit to verify county residency if the applicant is not able to present any other proof of residency. However, San Francisco also verifies residency on a monthly basis to determine eligibility. Alameda and Orange County use the Statement of Facts or Affidavit as final proof of the applicant's residency verification to be eligible for General Assistance/General Relief. Currently, these counties do not use a specific screening tool to verify residency.

#### **San Francisco County Residency Verification Policy**

San Francisco County provides several programs under the County Adult Assistance Program (CAAP). General Assistance (GA) is the last safety net program offered to participants if they do not qualify for other programs. It is a requirement that applicants/recipients provide verification of residency. Under Care Not Cash, participants receive \$60 cash per month of which \$422 is directly for housing.

- San Francisco accepts a Statement of Facts as residency verification from homeless General Assistance (GA) applicants at intake only. This is to allow application approval.
- Those who refuse San Francisco's shelter services are eligible to receive a \$59 GA grant.
- Approximately a month after homeless GA applicants apply, they are required to provide acceptable homeless residency verification.
- Homeless GA recipients are required to attend a residency verification appointment **each month, in person**, to provide residency verification and to allow the EW to offer housing if available.
- If homeless GA recipients do not provide acceptable homeless residency verification, they are not eligible for GA benefits.

#### **Alameda County Residency Verification Policy**

Alameda County provides shelter services to GR homeless applicants/recipients.

- A Social Worker determines whether a participant is homeless before the participant can see an Eligibility Worker.

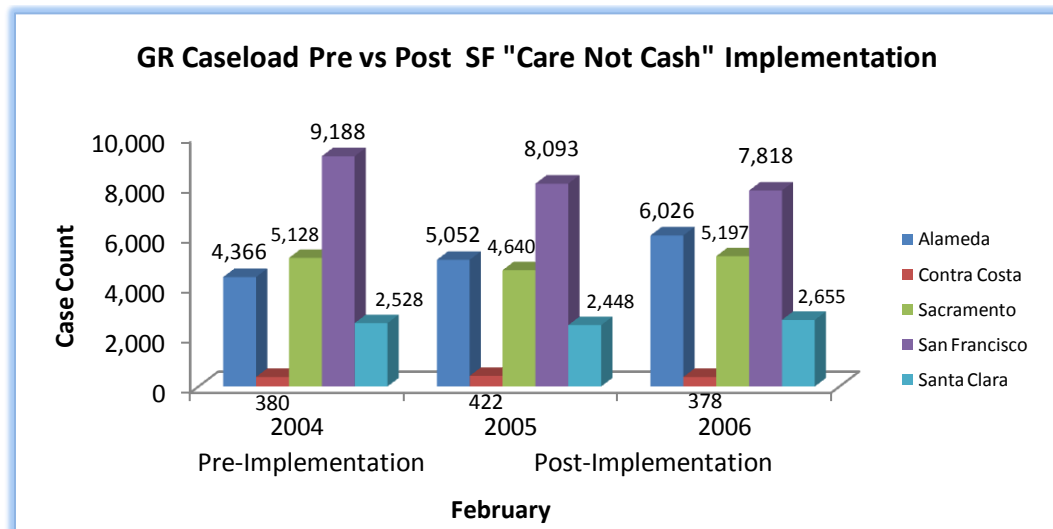
- If an applicant/recipient states she/he is homeless, Alameda offers shelter and \$19 for "incidentals."
- If the applicant/recipient refuses the shelter services they are eligible for a \$105 "basic needs" grant.
- An applicant/recipient statement is enough to verify county residency if the applicant/recipient was not able to obtain any other form of proof.

#### **Orange County Residency Verification Policy**

Orange County requires residency verification.

- Applicants are asked to provide appropriate documentation such as rent receipts, including motel or hotel receipts, copies of utility bills, driver's license or other identification cards as proof of residence.
- When objective verification is not available, the county accepts an applicant/recipient statement as sufficient to verify county residency.

## **2. GR CASELOAD DATA ON SURROUNDING COUNTIES PRE AND POST "CARE NOT CASH" IMPLEMENTATION**



Data Source: California Department of Social Services, <http://www.cdss.ca.gov/research/PG343.htm>, Accessed January 10-19, 2012.

Note: Care Not Cash program was implemented in May 2004. Therefore, the data for the month of February 2004 reflects the caseload pre-implementation of the program.

### 3. DPSS GR HOMELESS COUNT

GR Participants Self-declared Homeless <sup>1</sup>	
<b>2009</b>	46,255
<b>2011</b>	60,268

Data Source: DPSS LEADER

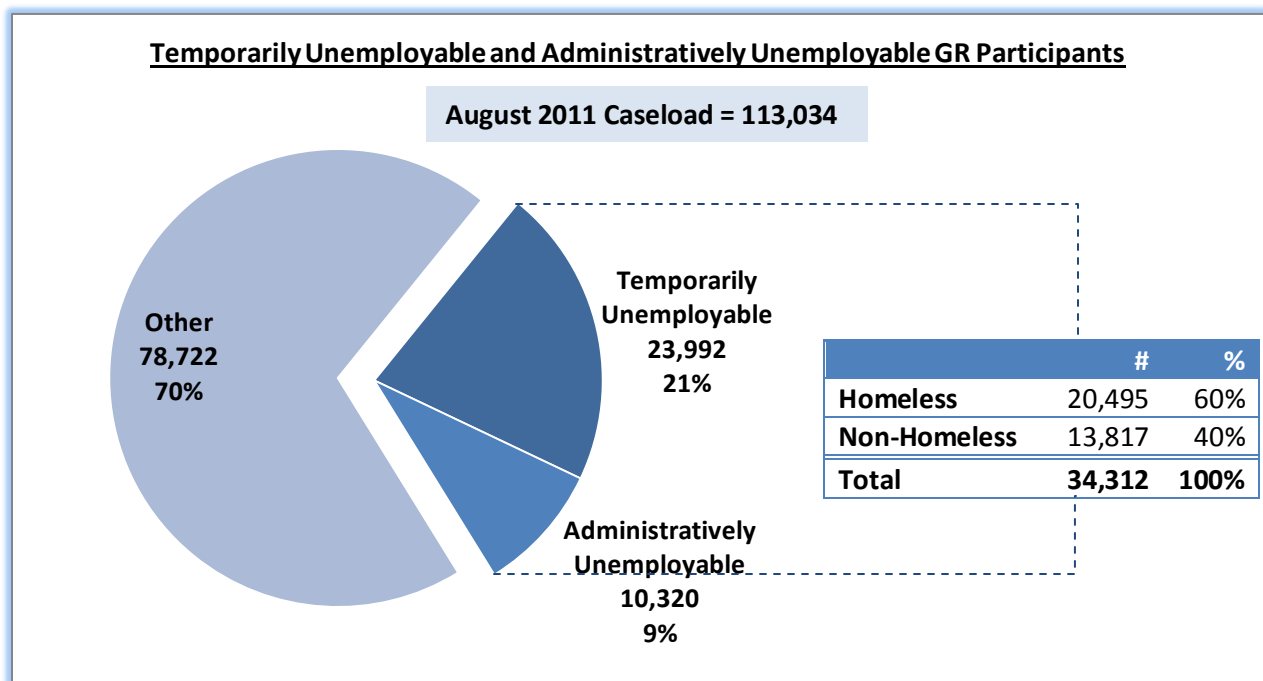
Note: DPSS has a different definition of homeless from HUD. Below is the definition used by DPSS.

<sup>1</sup> Monthly Average

#### DPSS' Definition of Homeless:

A family/individual is considered homeless when it physically lacks a fixed and regular nighttime residence, shares a residence with other family or friends on a temporary basis, or resides in a temporary shelter, commercial establishment, or transitional housing or has been issued a notice to pay rent or quit.

### 4. TEMPORARILY UNEMPLOYABLE AND ADMINISTRATIVELY UNEMPLOYABLE GR PARTICIPANTS



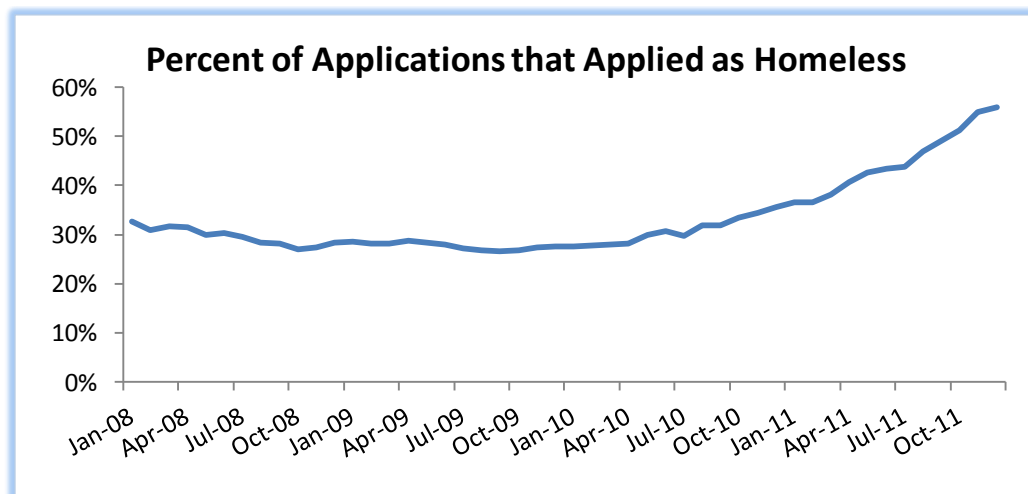
Data Source: LEADER August 2011

## 5. NUMBER OF GR APPLICATION DENIALS DUE TO DECLARING LESS THAN 15 DAYS OF RESIDENCY

Month/Year	# of GR Application Denials Due to Declaring Less than 15 Days of Residency
07/2010	149
08/2010	142
09/2010	155
10/2010	151
11/2010	141
12/2010	139
01/2011	134
02/2011	148
03/2011	149
04/2011	169
05/2011	185
06/2011	194
<b>AVERAGE</b>	<b>154</b>

Data Source: LEADER for FY 2010-2011

## 6. NUMBER OF GR APPLICATIONS THAT APPLIED AS HOMELESS FROM 2008-2011



Calendar Year	Homeless Applications	Total Applications	% Homeless Applications
2008	46,029	155,919	29.52%
2009	50,483	182,580	27.65%
2010	64,059	207,864	30.82%
2011	102,714	228,154	45.02%

Data Source: LEADER data for FY 2010-2011

## 7. NUMBER OF HOMELESS GR PARTICIPANTS

Month-Year	Total Participants	Homeless Participants	Percent Homeless Participants
Sep-10	103,359	60,397	58.43%
Oct-10	103,356	60,569	58.60%
Nov-10	104,296	61,197	58.68%
Dec-10	106,773	63,687	59.65%
Jan-11	108,284	63,741	58.86%
Feb-11	105,721	62,526	59.14%
Mar-11	108,524	63,820	58.81%
Apr-11	108,640	64,069	58.97%
May-11	108,401	63,976	59.02%
Jun-11	110,369	65,669	59.50%
Jul-11	111,639	66,209	59.31%
Aug-11	112,631	66,676	59.20%

Data Source: LEADER data for September 2010-August 2011

## 8. EBT USAGE OF GR HOMELESS AND NON-HOMELESS PARTICIPANTS

CalFresh/GR/CalWorks EBT Transaction Report (Oct 2011)					
	ALL TRANSACTIONS				
Program	Total Number of Transactions	Total Within County		Total Out of County	
		#	%	#	%
CalFresh/GR - Homeless	495,133	475,237	95.98%	19,896	4.02%
CalFresh/GR - Non homeless	586,889	567,760	96.74%	19,129	3.26%
<b>CalFresh/GR Total</b>	<b>1,082,022</b>	<b>1,042,997</b>	<b>96.39%</b>	<b>39,025</b>	<b>3.61%</b>
CalFresh/CalWorks - Homeless	135,538	128,556	94.85%	6,982	5.15%
CalFresh/CalWorks - Non-homeless	2,437,539	2,366,129	97.07%	71,410	2.93%
<b>CalFresh/CalWorks Total</b>	<b>2,573,077</b>	<b>2,494,685</b>	<b>96.95%</b>	<b>78,392</b>	<b>3.05%</b>
CalFresh Only	2,946,408	2,844,323	96.54%	102,085	3.46%



CalFresh/GR/CalWorks EBT Case Report (Oct 2011)						
Program	CASES					
	Cases with 25%-50% Out-of-County Transactions		Cases with 51%-75% Out-of-County Transactions		Cases with ≥76% Out-of-County Transactions	
	#	%	#	%	#	%
CalFresh/GR - Homeless	895	2.45%	438	1.20%	942	2.58%
CalFresh/GR - Non homeless	1,159	2.29%	485	96.00%	803	1.59%
<b>CalFresh/GR Total</b>	<b>2,054</b>	<b>2.36%</b>	<b>923</b>	<b>1.06%</b>	<b>1,745</b>	<b>2.00%</b>
CalFresh/CalWorks - Homeless	196	2.56%	115	1.50%	288	3.76%
CalFresh/CalWorks - Non-homeless	3,078	1.98%	1,073	0.69%	2,230	1.43%
<b>CalFresh/CalWorks Total</b>	<b>3,274</b>	<b>2.00%</b>	<b>1,188</b>	<b>73.00%</b>	<b>2,518</b>	<b>1.54%</b>
CalFresh Only	5,152	2.07%	1,788	0.72%	5,753	2.32%

Data Source: DPSS October 2011 data

## F. Financial Analysis

It is difficult to project how many GR Temp U and AU participants would not comply with a quarterly residency verification requirement. Therefore, for purposes of this analysis, we are:

- Providing a range of projected savings based on a 1%, 5%, and 10% rate of non-compliance.
- Assuming a GR participant who is terminated due to non-compliance with the residency verification requirement would remain off the GR roll for an average of three months in a given year. As this is not a sanction, GR participants can reapply immediately following termination

Temp U & Admin U Population <sup>1</sup>	One Month Grant
34,312	\$221

Range of Non-Compliance	# of GR Participants	Annual Grant Savings (3 Months)
<b>1%</b>	343	\$227,409
<b>5%</b>	1,716	\$1,137,708
<b>10%</b>	3,431	\$2,274,753

<sup>1</sup> As of August 2011.

## G. Fraud and Program Integrity Analysis

The potential for fraud for Option D is primarily false claims of homelessness, out-of-county residency, or recent arrival status of less than 15 days. False claims of homelessness are discussed within the Auditor-Controller's report. DPSS uses the locations of electronic benefit debit card transactions to identify participants who potentially are living outside of the County and are thus ineligible for aid in Los Angeles County. Only about 2% of GR participants' overall purchase transactions are conducted outside of Los Angeles County. Therefore, though Option D could reduce out-of-county fraud due to the new requirement for proof of residency, the minimal level of

out-of-county transactions results in the out-of-county fraud prevention impact of Option D being relatively negligible.

As discussed in the Auditor-Controller's report, residency verification is a prudent component of DPSS' due diligence with respect to determining each GR applicant's eligibility. Residency verification also serves to identify participants' false claims of homelessness. A program of residency verification would benefit from periodic re-verification to ensure the ongoing integrity of participants' self-declared living arrangements.

Based on an anticipated reduction in the already minimal fraud related to out-of-county residency, fraud investigation caseloads and costs should go down proportionate to the percentage of applicants who cannot provide proof of residency and/or fail to follow through with application steps. An unknown number of potential GR applicants living outside of the County who previously may have considered applying for benefits in Los Angeles County will likely be deterred from applying due to Option D's proof of residency requirement.

## H. Option Recommendation

Is this option being recommended to the Board of Supervisors?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Do we have team consensus?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

## I. Implementation Considerations

Not applicable to this option.

## J. Divergent Views

*Divergent views are solely the opinions of the author stakeholder group and do not reflect the views or perspectives of the County of Los Angeles. They are intended to provide the stakeholder groups the opportunity to provide their unabridged opinion to the Board of Supervisors when considering adoption of an option. Divergent views have not been edited in any fashion, nor have they been validated for accuracy.*

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### Department of Public Social Services

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DPSS supports Option D, which requires GR participants who are either Temp U or AU to submit proof of their residency in Los Angeles County with their QR7. While the County of Los Angeles applies lenient residency verification policies for GR applicants/participants, other counties use a more stringent approach. Periodic reassessment of the residency requirement will increase program integrity through a determination of the actual residency of those participants who are not actively engaged with a DPSS GROW case manager or SSI advocate.

Current GR policy only requires proof of residency in Los Angeles County during the GR application process. The only time proof of residency is requested again is when individuals voluntarily report a change in their residency (e.g. they move, become homeless, or stop being homeless) or a change in

their household composition (e.g. relatives move in). This is typically done through a QR 7. For homeless individuals, current GR policy considers as acceptable proof a simple statement confirming that they have been residing in the County for 15 days via an affidavit. Counties throughout the State also accept an affidavit as verification, but only after exhausting all other verification options.

Other counties have implemented different residency verification policies for GR applicants/participants. For example, Alameda County uses specialized social workers to determine homelessness and residency within its boundaries before a case even reaches an EW. The City and County of San Francisco enforces a much stricter residency verification policy than currently exists in Los Angeles County. In order to maintain their eligibility, all General Assistance beneficiaries in San Francisco are required to attend a monthly **face-to-face** appointment with their EW to provide proof of their residency in San Francisco. Failure to attend this appointment and/or provide acceptable proof of residency results in a discontinuance of GA benefits.

In contrast to San Francisco's policy, Option D would exempt most categories of GR participants from any ongoing residency verification requirement:

- Individuals who are deemed permanent unemployable or permanently Needs Special Assistance (NSA) will not be required to provide proof of Los Angeles County residency because they will participate in SSIMAP. The SSIMAP Advocacy process is intensive and requires contact between DPSS SSI Advocates and GR participants, which eliminates the need for periodic residency verification.
- Individuals who are deemed employable or who volunteer to participate in GROW will not be required to submit proof of residency after the initial application. Employable individuals are required, as a condition of GR eligibility, to participate in the GROW Program. The GROW Program requires close cooperation between the Case Manager and GROW participant, which eliminates the need for periodic residency verification.
- Individuals designated Temporarily NSA due to a mental health disability will not be required to provide proof of residency beyond the initial application, due to their mental incapacity.

There is no current requirement for Individuals deemed Temp U or AU to remain in regular contact with DPSS as compared to their permanently unemployable and employable counterparts who are in contact with their SSI Advocates and GROW Case Managers, respectively. Temp U and AU participants are not offered any additional services and are not required to comply with GROW or SSIMAP; therefore, they are less likely to have contact with County staff. This makes it more difficult for DPSS to verify their current residence.

The residency verification requirement is designed to be paired with the QR7 process to ensure program compliance and program integrity. For any participants who need help obtaining residency verification, DPSS will help them by contacting their landlord or helping them obtain third-party verification.

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#### Chief Executive Office

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The CEO supports Option D which requires GR participants who are either Temp U or AU to submit proof of their residency in Los Angeles County if not quarterly at least annually. The Temp U and AU population is the only group that is not actively participating in either GROW or SSI; therefore they are not actively engaged with DPSS on a regular basis. Requiring that these individuals provide

address verification, at least annually, is an important component of program integrity and compliance.

It is important to note that this residency verification requirement will not be imposed on individuals who are designated temporarily NSA due to mental health reasons. The intent of this option is not to create barriers for individuals who may find difficulty procuring third-party verification.

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**Public Social Services Commission**

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The PSS Commission supports proving residency with this population, but favours a 12 month certification period for requiring proof of residency. The initial period should allow 60 days for the original proof to be supplied. An office manager/supervisor should be identified to be able to “sign-off” in cases that are appropriate if the client can’t/doesn’t supply proof.

Currently Public Social Services programs require an annual recertification period for participants. To ask a population that is deemed Temp U or AU in addition to homelessness to prove residency quarterly creates additional barriers through their need to locate collateral contacts to support residency.

If EBT cards are used by the majority of the GR population, then EBT data can also serve as a tool to identify purchases through card usage by the GR population. This data is accessible to Los Angeles County and the State. The use of EBT data could be utilized as a more cost effective approach by identifying the location and duration of usage by participants. If EBT data supports that less than 5% of the GR population made purchases outside of Los Angeles County, the need for proving residency should be at best maintained through the annual recertification process.

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**Homeless & Housing Advocates**

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While failing to address the stated intent, Option D would cause significant hardship to homeless GR recipients and would burden homeless service providers.

Option D appears to be a solution in search of a problem. Among a sample of 12,652 applicants, the Auditor-Controller’s report indicates fraud investigators only found 10 people were either living out of the County or in jail (less than 0.08%), indicating very few GR recipients reside outside Los Angeles County.<sup>1</sup> The Auditor-Controller, in fact, did not recommend the measures Option D proposes. Homeless GR recipients have little means of traveling between counties to use an EBT card, so the option would have little impact on reducing fraud among this population, and current procedures work well to address fraud in these instances.

As the report acknowledges, the option would instead result in fewer Los Angeles County residents applying for GR and fewer GR recipients remaining on GR, deterred by difficulties obtaining the documentation necessary to satisfy the quarterly reporting requirements.

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<sup>1</sup> The Auditor-Controller’s report indicates fraud investigators received 891 fraud referrals from 3 offices for either suspicions of false claims of homelessness or false claims of residency. Among the 469 investigations completed, investigators only found 10 people, to be either residing out of the County or in jail (the report did not distinguish between the two).

Removing recipients who are homeless from the GR rolls will result in long-term negative impacts on the recipient and the County. People experiencing homelessness use emergency rooms and are hospitalized at alarming rates, incurring significant acute care costs. Indeed, the County's own records showed that GR recipients who are homeless are much more likely to use acute care as their health care, incurring acute health care costs of \$23,220 per year.<sup>2</sup> The County plans to offer GR recipients better care by enrolling automatically all recipients into Healthy Way LA, allowing tens of thousands of homeless people on GR to access appropriate care. While improving health outcomes among this population, the County will be able to recoup \$0.50 for every \$1.00 the County spends on this program. Automatic enrollment will further provide many homeless people who have not been found to be disabled due to poor access to care to prove disability and eligibility for SSI and Medi-Cal, relieving County health care cost burdens. In this way, GR could be offering a pathway toward improved health and, eventually, out of homelessness. Yet, the proof of residency requirement in Option D directly conflicts with residency requirements under Healthy Way LA. Because Option D will result in removing from GR or deterring potentially thousands of homeless LA County residents from applying for GR, these individuals could miss enrollment into Healthy Way LA through GR, frustrating County plans to enroll all homeless residents into this program, as well as County goals to reduce barriers homeless people face in accessing County programs and services.

Moreover, Option D documentation of residency requirements fails to acknowledge the reality of homelessness in Los Angeles County. First and foremost, homeless GR recipients would face significant challenges in obtaining the allowable documentation to prove residency:

- The option relies on the ability of homeless GR recipients to access shelter or homeless services, when the County does not have enough shelter beds or services for all homeless people. A minority of homeless people in LA County access shelters—only 37% of all people HUD considers homeless (under a narrower definition than the DPSS definition) access shelter.<sup>3</sup> And people accessing a shelter one night could find the shelter full the next.
- Even if shelters were more plentiful, many people who are homeless have no desire to seek or do not qualify for shelter or services. Some homeless people distrust shelters based on negative experience. Also, shelters often require abstinence from drug or alcohol abuse during the shelter stay, so people abusing substances or alcohol sometimes cannot find or do not try to access shelter. And some people considered homeless under the DPSS definition of homelessness may not qualify for homeless services because they do not meet the federal definition of homelessness. All of these individuals would be unable to access documentation from a shelter or service provider.
- Lack of identification is a significant barrier for people who are homeless, since ID is also often lost or stolen, or may have been a contributing factor to the individual's homelessness. Requiring someone to obtain identification every six months is simply not a realistic option for anyone who is homeless (and would even, in fact, pose challenges for working professionals).
- In general, people who are homeless are isolated and tend not to have good relationships with family, let alone merchants and friends.
- Since the vast majority of GR recipients are unemployed, letters from employers are not within the realm of possible.

<sup>2</sup> County data show homeless GR recipients incur average health care costs of \$1,935 per month, in addition to significant incarceration costs, while homeless. Daniel Flaming, Patrick Burns, Michael Matsunaga. "Where We Sleep: Costs When Homeless and Housed in Los Angeles County." *Economic Roundtable*. 2009. p. 27, fn. 60; Dennis Culhane and Stephen Metraux. *Using Adult Linkages Project Data for Determining Patterns and Costs of Services Use by General Relief Recipients in Los Angeles County*. July 2009. pp. 70-71.

<sup>3</sup> LOS ANGELES SERVICES AUTHORITY. *2011 Greater Los Angeles Homeless Count Report*. Aug. 2011.

Second, even for minority of homeless people who obtain shelter or services, service providers, already burdened with significant paperwork requirements and generally short-staffed, sometimes refuse to complete additional forms, particularly when those forms include different documentation requirements than other forms. A service provider may also not be able to verify the residency of someone who received services from an intake worker or case manager at a different organization; yet, Option D would require proof of residency over the course of 15 days, a difficult requirement if the individual has not received services consistently or has received services from different organizations.

Third, people who are homeless focus on survival on a day-to-day basis, and so often lose paperwork. Paperwork is also often stolen. So, even if able to access shelter or services, and even if able to collect the necessary paperwork from service providers, people who are homeless have difficulties storing medication, let alone holding on to the paperwork this option would require for submittal every quarter.

Given the challenges inherent in collecting data from people who are homeless, HUD now allows self-certifications in proving homelessness or imminent risk of homelessness.<sup>4</sup> Other counties, as identified in the report, appear to have taken a similar course. Should LA County adopt this option, it would be among the few to buck a trend toward greater understanding of the nature of homelessness.

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#### Legal Advocates

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#### *There is no reason for requiring quarterly, third party, documentary proof of residency*

This proposal originated based on “suspicions” that self-declaring homeless individuals were actually “commuters” from other counties. DPSS and the Auditor-Controller now admit that DPSS’ tracking of where GR benefits are used through the Electronic Benefits Transfer (EBT) system establishes that there is no significant amount of fraud of this type. If the County believes a significant number of participants are not reporting addresses because it might lead to imposition of the shared housing deduction, that problem should be solved by abolition of the shared housing deduction – a consensus recommendation. And even if shared housing deduction were not eliminated, the County’s belated efforts to determine if there is actually a problem requiring a solution have determined that there is no significant problem. The intensive effort by DPSS (GR Early Fraud Prevention Project) relied upon by the Auditor-Controller demonstrates that GR has a very low alleged fraud rate already, about 19 per 1,000 participants.

If this proposal has a purpose other than erecting yet another hurdle over which GR participants can stumble and be terminated, then that purpose is much better served by more direct means. The County already tracks the location of use of the EBT cards through which GR is dispensed. The EBT tracking system provides much better evidence of County residency than any third-party verification could provide. For the minority of homeless individuals able to access shelter services in the publically funded shelter system, the County can itself seek to verify their residency through the Homeless Management Information System (HMIS), without requiring homeless GR participants to jump over this particular bureaucratic hurdle, or expecting shelter providers to divert their scarce resources for this unnecessary exercise.

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<sup>4</sup> 24 CFR Part 577.

*The requirement will impose an impossible condition for many homeless participants, particularly those with significant disabilities*

Obtaining documentation will be impossible for many homeless people. DPSS presupposes that homeless people will be able to obtain verifications of their residency from service providers and others, but: (1) Two thirds of homeless people have no shelter or provider, per the most recent LAHSA homeless count; (2) Most emergency shelters provide beds on a nightly basis and many have no means of keeping track of individuals over a period of 15 days; not all shelters that could or should report information to the HMIS actually do so; and (3) Many providers who could provide documentation will refuse to do so, either because of the administrative burden or the risk of error and consequent liability for aiding welfare fraud.

DPSS and the CEO propose that participants submit documentary verification of residency at the same time they submit quarterly QR7 forms. For about 60,000 homeless people on GR, these forms are sent by DPSS to the recipient at the District Office. Then homeless people, many with serious disabilities, are instructed to routinely check the District Office for notices that may have been “delivered” to them -- a completely unnecessary burden that falls most heavily on those with disabilities. Even if persons with disabilities do obtain the necessary forms from DPSS, the process of obtaining third party verification will be impossibly difficult for them. Although some participants who have been determined by DPSS or DMH to have mental or other disabilities will be exempted from the requirement, many such people are missed at screening and misclassified and will thus be subjected to this requirement.

*Given these facts, adoption of Option D would expose the County to serious legal liability*

The imposition of this unnecessary requirement on persons with disabilities would violate the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act and their state law analogs. The manner in which DPSS proposes to carry out the proposal by delivering documents to homeless GR recipients through the current means, and its current system of terminating GR participants for failure to return forms they did not receive, is predicated on notices of proposed actions delivered in a manner not reasonably calculated to provide actual notice. Such failure to provide actual notice violates the procedural due process guarantees of the United States and California Constitutions and various provisions of the Welfare and Institutions Code. Imposition of this requirement will expose the County to liability and potential litigation not only to enjoin this option, but also to potential liability for benefits wrongfully denied over the past three years.



**Option J: Additional GR SSIMAP Advocacy Staff** – Hire 10 additional General Relief Supplemental Security Income and Medi-Cal Advocacy Program (GR SSIMAP) Advocates and 1 GR SSIMAP Supervisor for a Pilot to test whether a reduced caseload would secure a sufficiently higher number of SSI approvals and/or obtain faster SSI approvals to offset the net County cost (NCC) of the additional GR SSIMAP staff.

### A. Description of Option

GR SSIMAP provides advocacy services to help physically and mentally disabled GR participants apply for SSI, obtain early SSI approval, and become self-sufficient. If approved, individuals are eligible for up to \$850 on SSI versus \$221 on GR. Additionally, SSI recipients are entitled to Medi-Cal.

Although the Board of Supervisors-approved GR Restructuring Project addresses many aspects of GR SSIMAP, this option would enhance it even further. The County could hire 10 additional GR SSIMAP Advocates and 1 GR SSIMAP Supervisor for a Pilot to test whether a reduced caseload would secure a sufficiently higher number of SSI approvals and/or obtain faster SSI approvals to offset the NCC of the additional GR SSIMAP staff. This group of 10 GR SSIMAP Advocates would receive a caseload comprised of existing GR SSIMAP cases. The cases will come directly from the caseloads of 10 current GR SSIMAP Advocates. The new advocates will receive 50% of the cases managed by the current advocates. After the cases have been redistributed, 20 GR SSIMAP Advocates will have received a caseload that is 50% less than the average caseload of the original 10 GR SSIMAP Advocates.

### B. Potential Impact to Constituents

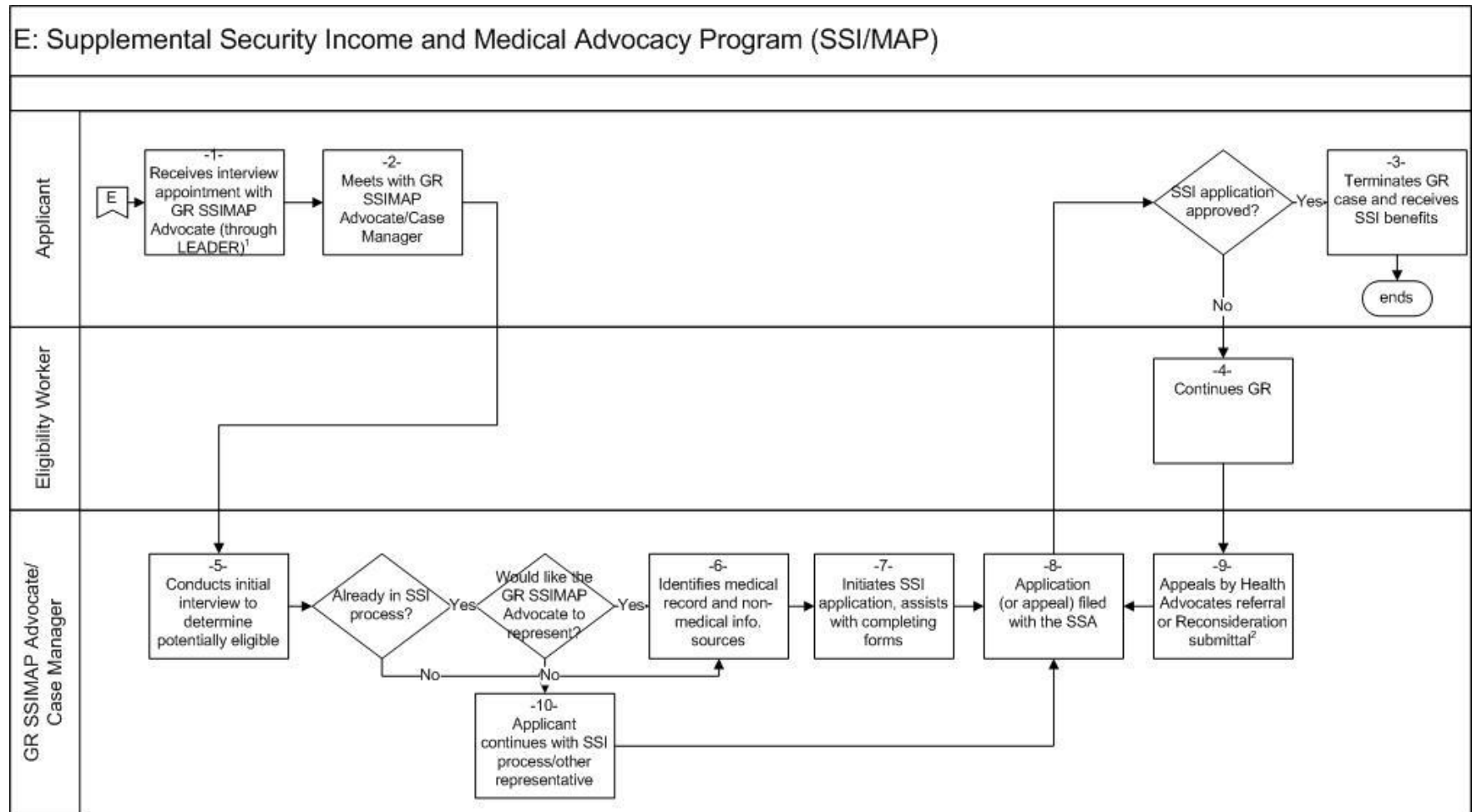
If this option were implemented, GR participants within the pilot District Office(s) would benefit from a reduced SSIMAP Advocate caseload. A reduced SSIMAP Advocacy caseload may lead to increased time for individual case management and provision of SSIMAP Advocacy services.

### C. Current Policy

Not applicable to this option.



## D. Business Process



<sup>1</sup>LEADER system schedules the applicant for an initial interview with the GR SSIMAP Advocate when:

- The GR participant is given a permanent unemployable status; or
- The GR participant has been disabled for 12 consecutive months

<sup>2</sup>Once the appeals process has been exhausted, the individual continues GR and may reapply to SSI.

The GR SSIMAP is a service offered at all 14 of the DPSS GR District Offices and is supported by 74 SSI Advocacy staff. These staff are responsible for providing advocacy services to all physically and mentally disabled GR participants who are potentially eligible for SSI. If approved, individuals are eligible for up to \$845 on SSI versus \$221 on GR. Additionally, SSI recipients are entitled to Medi-Cal. GR SSIMAP staff provides assistance at each level of the SSI application process:

- **Initial Application** – During the initial interview, the participant meets with the district SSI Advocate to discuss the participant’s current SSI status, the participant’s potential eligibility for SSI, the sources of medical records, and the sources of non-medical information about the participant’s functionality. After potential eligibility for SSI has been determined, the SSI Advocate assists the participant to complete all the required forms, explains the participant’s reporting responsibilities, and the completed SSI application is then filed by the SSI Advocate with the Social Security Administration (SSA).
- **Request for Reconsideration** – If the SSI application is denied, the first appeal is known as the Request for Reconsideration. The SSI Advocate assists the participant in filing the request. The reconsideration consists of SSA and the Disability Determination Services Division (DDSD) staff (not involved in the first decision) reviewing the medical documentation already on file plus any additional evidence.
- **SSI Hearing Representation** – If the request for reconsideration is denied, the final step is to request a hearing with SSA’s Office of Hearings and Appeals. The SSI Advocate refers the case to DPSS’ contracted SSI hearing contractor (Health Advocates). The contractor meets with the participant, completes all required forms, requests the hearing with SSA and represents the participant at the hearing. There is no charge to the participant for these services.

#### **Overview of the GR SSIMAP Supportive Services**

The GR SSIMAP offers a wide array of supportive services to help GR participants qualify for SSI:

- **Record Retrieval** – GR SSIMAP staff identify GR applicants/participants who have a medical and/or mental health treatment history at one or more of the DHS, DMH, and/or Los Angeles Sheriff Department (LASD) facilities, forward a Record Retrieval Request (RRR) to DHS, DMH, and LASD and control for the return of medical and/or mental health records.
- **Disability Assessments** – DMH clinicians conduct mental health disability assessments and nine contracted health providers (eight of which are federally-qualified health centers) conduct physical health disability assessments to determine a participant’s employability status and initiate the proper referral for the participant. Participants who are determined to be permanently disabled are referred to a DPSS SSIMAP advocate.
- **Comprehensive Evaluations** – The comprehensive medical/mental health evaluation is designed for GR participants who were deemed as “permanently disabled” based on their initial disability assessment; however, this group of GR participants may not have adequate treatment history to support a SSI application; therefore a referral for a comprehensive evaluation is needed in order to provide additional documentation to support their SSI applications.
- **Medical/Mental Health Referrals** – SSI Advocacy staff identify GR participants who are in need of medical/mental health treatment to secure medical documentation needed to secure SSI and initiate a referral to DHS/DMH clinics for medical and mental health services.

- **Ancillary Payments** – GR SSIMAP staff issue ancillary payments to GR participants when needed to prepare for SSI-related appointments or to address other SSI-related issues. Allowable ancillary payments include: haircuts/showers, clothing/shoes, and/or other items deemed necessary to improve chances of SSI approval.
- **Transportation** – At the initial interview and at each subsequent contact, the SSIMAP Advocate must evaluate the need for transportation funds for any medical or SSI-related appointments.
- **GR Housing Subsidy and Case Management Project** – The GR Housing Subsidy and Case Management Pilot provides a \$400/month rental subsidy to some homeless GR participants pursuing SSI (as well as some employable GR participants pursuing employment).

## E. Relevant Data

Relevant data elements include:

1. County savings resulting from GR SSI advocacy efforts
2. Economic Roundtable “Dividends of a Hands Up: Public Benefits of Moving Indigent Adults with Disabilities onto SSI “ Executive Summary (Attachment C)

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### 1. County Savings Resulting from GR SSI Advocacy Efforts

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The GR Restructuring efforts are designed to reduce the caseload and expenditures over time. One aspect of GR Restructuring involves enhancing the County’s SSI advocacy efforts. This will assist in reducing the caseload by transitioning GR participants to the SSI program, while at the same time generating Interim Assistance Reimbursement (IAR) for GR benefits paid to the individuals during the time the SSI application was pending approval.

The following enhancements to GR SSIMAP are currently in place or underway to assist GR participants transitioning to SSI:

***Enhanced Medical/Mental Health Disability Assessments and Comprehensive Evaluations*** – Providing enhanced medical and mental health assessments to better determine and identify those GR participants who are potentially eligible to SSI, including:

- Mental Health Assessments (implemented in October 2010)
- Physical Health Disability Assessments (implemented in May 2011)
- Mental Health Comprehensive Evaluations (implemented in August 2011) (not accurate)
- Physical Health Disability Comprehensive Evaluations (implemented in August 2011)(not accurate)

***Record Retrieval Services*** – Working with the DHS, DMH, and LASD to retrieve medical and mental health records on behalf of GR participants to support their disability claim for SSI.

***GR Housing Subsidies for Homeless Individuals Pursuing SSI*** –

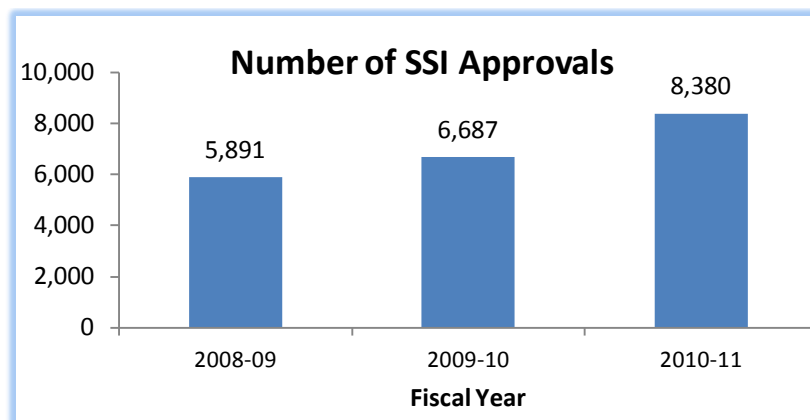
- Increasing the number of housing subsidies for homeless GR participants pursuing SSI.

- Increased the GR rental subsidy amount from \$300 to \$400/month (plus \$100/month from the participant's GR grant).
- Increased the amount of IAR received by providing housing subsidies to homeless GR participants pursuing SSI, which is believed to increase chances of receiving SSI approval.

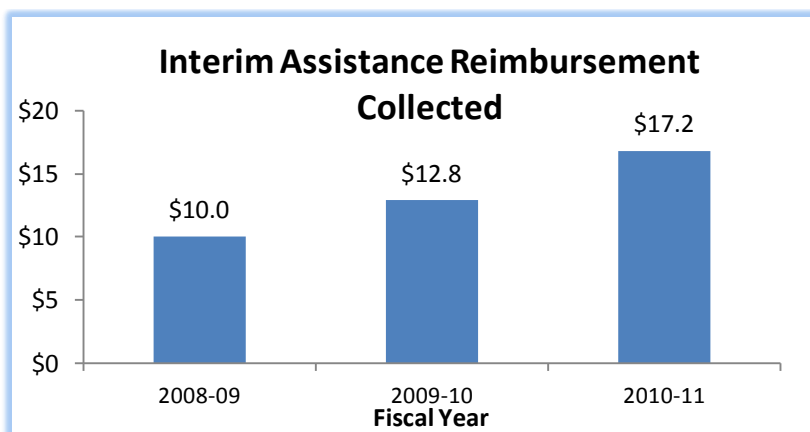
***SSI Advocacy Case Management Enhancements –***

- SSI Advocates now have more flexibility to outreach to GR participants by conducting home visits, etc.
- DPSS has been working to strengthen existing collaboration with SSA.
- Incorporated the SSI/SSDI Outreach Access and Recovery (SOAR) approach into the DPSS SSI Advocacy Program.
- Additional training from SSA for DPSS SSI Advocacy Program staff in SSI requirements and the disability determination process.

***Ancillary Payments*** – Providing ancillary payments for showers, shoes, clothing, and motel vouchers for the night prior to an appointment with the SSA to assist GR participants in eliminating barriers and enabling them to pursue SSI.



Data Source: Social Security Administration data July 2008 – June 2011



Data Source: Social Security Administration data July 2008 – June 2011

### 3. Economic Roundtable “Dividends of a Hands Up: Public Benefits of Moving Indigent Adults with Disabilities onto SSI” Executive Summary

Please see Attachment C.

## F. Financial Analysis

Total GR SSIMAP Staff	Total S&EBs (Fully Loaded) <sup>1</sup>	CSBG-HR	NCC
10 SWs, 1 Supervisor	\$1,716,750	\$858,375	\$858,375

<sup>1</sup>Includes overhead costs.

## G. Fraud and Program Integrity Analysis

The twenty lowered caseloads would be achieved by splitting ten existing SSIMAP caseloads in half, and utilizing the ten existing SSIMAP Advocates and ten newly hired or promoted staff to cover the twenty half-sized caseloads.

Option J has no direct impact on fraud. Option J indirectly impacts GR fraud to the extent it eventually removes individuals from the GR Program, and thus removes these individuals from the opportunity to commit GR fraud.

## H. Option Recommendation

Is this option being recommended to the Board of Supervisors?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Do we have team consensus?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

## I. Implementation Considerations

Not applicable to this option.

## J. Divergent Views

*Divergent views are solely the opinions of the author stakeholder group and do not reflect the views or perspectives of the County of Los Angeles. They are intended to provide the stakeholder groups the opportunity to provide their unabridged opinion to the Board of Supervisors when considering adoption of an option. Divergent views have not been edited in any fashion, nor have they been validated for accuracy.*

### Department of Public Social Services

DPSS does not support Option J. DPSS recommends that staffing levels for the GR SSIMAP remain unchanged until the SSI-related GR Restructuring efforts are fully implemented and evaluated. With the current staffing level and caseload, the GR SSIMAP staff has done an amazing job of increasing the number of approvals from 5,891 in FY 2008-09 to 6,687 in FY 2009-10 and 8,380 in FY

2010-2011. This increase in the number of approvals is due in part to the following new or expanded services to help GR participants qualify for SSI: Record Retrieval, Disability Assessments, Comprehensive Evaluations (pending implementation), Ancillary Payments, and housing subsidies.

GR Restructuring, as approved on February 9, 2010 with its 42 recommendations and two pilots, is an extremely ambitious plan requiring significant commitments of time, effort, and cooperation from several County departments, outside agencies, and community-based organizations. Despite this, much has been accomplished; however, many of the SSI recommendations have barely reached full implementation, while some are pending implementation, including the two GR SSIMAP Pilots and the comprehensive medical evaluations, are pending implementation.

While reducing the caseload of DPSS GR SSI advocates might well result in an increase in SSI approvals, DPSS believes that it is appropriate to defer any pilot test until the full results of GR Restructuring can be achieved and evaluated.

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#### **Chief Executive Office**

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At the present time, the CEO does not support adding additional positions. DPSS has dedicated significant time and resources through GR Restructuring to expand and improve the SSI Advocacy program. From FY 2008-09 to 2010-11, the number of individuals successfully assisted in securing SSI has increased from 5,891 to 8,380 or the equivalent of a 42% increase over two years. In addition, Interim Assistance Reimbursement has increased from \$10.0 million in FY 2008-09 to \$17.2 million in FY 2010-11. The CEO supports the goals and the principles of GR Restructuring and recommends that DPSS develop clear performance outcomes to determine which of the GR Restructuring SSI initiatives have been successful. This analysis will help identify which initiatives have resulted in improved service delivery and additional savings to the County, and which initiatives produced outcomes that were not favorable. This will help the County determine potential future investment areas.

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#### **Public Social Services Commission**

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The PSS Commission supports the addition of more staff to enhance the efforts and savings associated with increased SSIMAP Advocacy efforts. The data presented in this option supports the GR Restructuring efforts holistically and projects a substantial reduction in costs for the county.

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#### **Homeless & Housing Advocates**

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The County of Los Angeles has recently invested substantial staff time and resources to both expand and improve their SSI Advocacy program, which helps increase the approval rates for individuals on GR, who are eligible to receive SSI and thus receive healthcare through Medi-Cal. The improvements include, but are not limited to, medical and mental health record retrieval, enhanced medical and mental health examinations, and more one-on-one client service.

The County is able to recoup their financial resources and provide the individuals with a higher income, resulting in a better quality of life. From Fiscal Years 2008-09 to 2010-11, the number of individuals successfully assisted in securing SSI has increased from 5,891 to 8,380 or equivalent to a 42% increase over two years.

However, the caseload for the SSI Advocacy staff has remained very high during this time, with one staff person managing about 150 individuals. This ratio is nearly four times higher than the caseload of another County funded SSI Advocacy program BEST, operated by JWCH. The SSI caseload is also much higher than local programs operated by community-based organizations.

A reduced caseload would allow workers to address some of the limitations of the current program, including the retrieval of non-county records, developing social and family histories and statements, and improved case management. As the Legal Advocates have done an excellent job in describing these improvements (see below), we would just like to emphasize the case-management component. People who are homeless often spend exorbitant time just taking care of basic needs, such as getting a place to sleep at night and sufficient food. They also often have difficulty getting to appointments and with following-up on paperwork. Even for people who are housed, it can often take considerable hand holding and personal attention for them to be able to stay motivated during the time it takes to apply for and receive SSI, in addition to assistance in the complex process of obtaining the documentation needed to apply successfully for SSI.

Option J would implement a pilot whereby caseloads are reduced in half and 10 additional SSI Advocates are hired. This would mean that 20 of the expanded to 77 SSI Advocates would have caseloads of 75 each. We believe that there would be a significant increase in the number of cases approved in a shorter period of time that would offset the \$858,375 in net County funding. According to the Economic Roundtable, the County spends \$18,846 annually on GR participants who are disabled and could qualify for SSI, much of the costs in health costs, which would be largely eliminated because successful SSI applicants also receive Medi-Cal.

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#### Legal Advocates

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#### *The Board of Supervisors Should Prioritize GR to SSI Advocacy as an Ethical and Legal Means of Saving the County Money*

Rather than cutting otherwise eligible individuals off of GR through Option B and D, the County can save substantially more money through expanding the GR to SSI advocacy program in DPSS (GR SSIMAP). The legal advocates support Option J and an even greater expansion of the GR SSIMAP program to generate significant savings in GR and County health care costs.

The Economic Roundtable (ERT) estimates that the County spends, on average, \$1572.00 per person, per month (\$18,864.00 annually), on GR participants who are disabled and could be moved to SSI. See: Economic Roundtable's "Dividends of a Hands Up: Public Benefits of Moving Indigent Adults with Disabilities onto SSI" available at: [http://www.economicrt.org/summaries/GR-to-SSI\\_Study.html](http://www.economicrt.org/summaries/GR-to-SSI_Study.html). (last viewed on May 3, 2012). ERT's estimates show that LA County could save up to \$400 million annually in health care and \$105 million in welfare costs by moving all eligible disabled GR recipients to SSI (which ERT estimates at about 60,000 people).<sup>5</sup> Even the savings from a more modest program far outstrip any savings from Options B and D. Moving 10,000 disabled individuals from GR to SSI would save the County \$8 million a month or \$ 96 million annually.<sup>6</sup> The total maximum savings from Options B and D are a fraction of that amount--just over four million dollars

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<sup>5</sup> Note that these figures reflect the typical annual caseload. The study data used a point-in-time monthly caseload. All figures have been annualized by a factor of 1.7 to estimate the annual impact.

<sup>6</sup> Email exchange with Dan Flaming, author of the ERT report, dated October 28, 2011.



annually (\$4,182,908). Expanding the GRSSIMAP program is a far more humane way to generate significant savings than cutting eligible people off of GR through increased sanctions and residency requirements.<sup>7</sup>

While there have been many improvements to GR SSI advocacy within DPSS, the caseload for workers remains high. Reducing caseloads, as set out in Option J, should result in much greater success. Many programs, including but not limited to the San Francisco Department of Public Health SSI Advocacy, the Homeless Action Center/Alameda County SSI Advocacy Project, and the Department of Mental Health/Mental Health Advocacy Services in Los Angeles, show success rates as high as 80 or 90% as opposed to the DPSS success rate of approximately 60%. See: Investing in People to Save County Money: Best Practices for Moving People with Disabilities from General Assistance to SSI, Health Consumer Alliance, September 2010 at pages 23-24; available at: <http://healthconsumer.org/SSIAvocacyBestPracticesRPT> (last viewed on May 3, 2012).

A reduced caseload would allow workers to address some short-comings inherent in the current GR SSIMAP program. The tasks that could be undertaken, which are part of the SOAR approach, include retrieval of non-County records, developing social and family histories and statements, and improved case management. The GR SSIMAP record retrieval program, while an excellent source of evidence, does not include records from private hospitals or clinics, schools, or out-of-county facilities. Yet many applicants may have such records that would improve their chance of being approved for SSI at application. For instance, many younger disabled individuals may have school records that indicate the severity of their disability and can provide a baseline showing the disability has lasted more than 12 months (as required by SSA). Obtaining such non-County records may be critical to the success or failure of an application for SSI.

Similarly, statements of family, friends, and others can help support an application by indicating the effect the disability has on a person's daily ability to socialize, function, and capacity for work. Such third-party statements, when accompanied by medical records, paint a fuller picture of the person's incapacity. Experienced SSI advocates use these statements to bolster and document how the person's disability impacts daily functioning. Without a reduction in caseloads, DPSS workers simply won't have time to contact and interview family, friends, or others who could give such statements to bolster the SSI application. These are but a few examples of how reducing caseloads could improve SSI advocacy and success.

Perhaps the most important outcome would be to allow workers more time to go into the field and work with SSI applicants, providing better case management. Due to the nature of their disability, many of the SSI applicants with more severe disabilities have trouble complying with program requirements, making it into the GR office, going to doctors' appointments, and generally helping with their SSI application. With more time, workers could assist such individuals improving their chance of successfully transitioning onto SSI. For these reasons, we support expansion of the GR SSIMAP program and Option J's pilot to study the effect of reducing caseloads in the GR SSIMAP program.

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<sup>7</sup> In addition, SSI advocacy will generate new economic activity. On the other hand, needlessly cutting individuals off of GR creates an economic drain on the local economy. ERT estimates if all disabled individuals were moved to SSI, there would be additional annual economic output of \$300 million; the creation of 2,000 new jobs; and the generation of \$21.8 million in new local and state tax revenues. ERT Report, Chapter 4, pp. 29-36.





# APPENDIX

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# PROJECT CHARTER

## Project Goals

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On October 18, 2011, the Board of Supervisors directed the Chief Executive Officer (CEO), the Auditor-Controller, and the Acting Director of Public Social Services (DPSS) in consultation with the advocate community who include, but are not limited to, Public Counsel Law Center, Legal Aid Foundation of Los Angeles, and Neighborhood Legal Services of Los Angeles County, to assess the potential of each of the options submitted by the CEO and DPSS in August 2011 to increase General Relief (GR) program integrity, reduce fraud, and/or strengthen enforcement of GR program rules, and submit a joint recommendation on whether to adopt any of the options within 90 days.

This written assessment by the CEO, Auditor-Controller, DPSS, and the advocates shall include the projected cost savings and expenditures of each August 2011 option, and any other options, as well as any actual evidence of program fraud.

## Project Oversight

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A Project Oversight Team will be established comprised of the CEO, Board Deputies, DPSS Chief Deputy, Advocates, PSS Commissioner Representatives, and other key stakeholders. The goal is for the Project Oversight Team to develop an understanding and provide feedback on the work products and/or deliverables prepared by the Work Group. The Project Oversight Team will meet on a monthly basis. The monthly Project Oversight Team meeting will be scheduled to provide the CEO, Department Heads (DPSS & Auditor-Controller), and other key executives with an update on the overall status of the project.

The Work Group will consist of CEO, DPSS, and Auditor-Controller staff, as well as the Advocates. The Work Group will be responsible for assessing all options, reviewing the data, drafting recommendations, and conducting the fiscal analysis. In addition, the Work Group will work closely with the Auditor-Controller on the assessment of program fraud, if any. The Work Group will be responsible for developing the work products and/or deliverables and presenting it to the Project Oversight Team. The Work Group will meet bi-weekly or on an as needed basis. To facilitate communication and maximize participation in the Work Group, meeting invitations will be sent to all project participants, and meetings will be scheduled as far in advance as possible (or a meeting schedule will be developed).

## Project Scope

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### I. Evaluate and assess all options based on the guidelines set forth by the Board motion.

The Work Group will focus on evaluating all of the GR options highlighted in the August 2011 Board memo. The Work Group, using a standard methodology and template, will determine for each option:

1. Relevant data elements and sources (both internal and external) to be used to perform analysis;
2. Impact to the constituent, if the option is implemented;
3. Financial impact on the program such as financial investment/savings, caseload impact, related (direct and indirect) County costs/savings from adopting the option, etc.;

4. Whether the implementation of the option could mitigate the risk of fraud, if evidence of fraud exists; and
5. Whether the option meets the Board motion objectives of program integrity, fraud reduction, and/or program compliance.

#### **A. *Principal Tasks***

- Develop clear definitions for the following terms – ‘increase program integrity,’ ‘reduce fraud,’ and ‘strengthen enforcement of program rules.’
- Develop a standard methodology and template that the Work Group will use to analyze all 11 options with a focus on the three Board categories (program integrity, reduction in fraud, and program rule enforcement). In addition, for each option, the team will document the impact to constituents, conduct a fiscal analysis, identify if fraud exists or if procedural changes should be considered to reduce overall program fraud, and document any implementation issues that should be considered before an option is implemented.
- The Work Group will establish clear guidelines highlighting how consensus among the team members will be determined. This process will be used during the analysis for each option as well as in identifying which option(s) will be recommended to the Board for consideration.
- The Work Group will establish clear procedural guidelines for determining how consensus will be reached on a specific option as well as which option(s) will be recommended to the Board for consideration. In circumstances where the team is unable to reach consensus, the report will clearly delineate the divergent views of each stakeholder, along with the supporting justification. For options where there is no consensus, to ensure the view is accurately depicted, each diverging stakeholder will have an opportunity to draft their own recommendations along with their supporting justification.
- Develop the selection criteria for determining which option(s) will be recommended to the Board.

#### **B. *Deliverables***

- Data elements (internal or external) used to perform analysis for each option.
- Methodology and standard template to document the programmatic and fiscal analysis performed for each option.
- Clear definition of the Work Group consensus decision-making process.
- Selection criteria for determining which option(s) will be recommended to the Board.
- Table of Contents and report layout for final report.

## II. Evaluate potential evidence of fraud.

The Auditor-Controller will be responsible for conducting an evaluation and assessment of existing GR Program data to identify potential areas of fraud. The Auditor-Controller will review findings with the Work Group to assess and determine whether there is evidence of existing fraud, and if so, whether it is an increasing problem within the GR program now as compared to years past. A final recommendation on each option will not be made until the Auditor-Controller has completed the fraud analysis for that particular option and the Work Group has had an opportunity to review and analyze the findings.

### A. Principal Tasks

- Stratify existing fraud data collected by the DPSS Welfare Fraud Prevention & Investigations (WFP&I) section to identify trends within the GR Program.
- Evaluate measures used to identify, track, and address fraud, including follow-up of findings based upon relative risk.
- Evaluate methods used to improve business processes based upon findings from the WFP&I section.
- Consider the data mining solutions applied to the Stage 1 Child Care and In-Home Supportive Services programs, and evaluate the feasibility and potential benefit of expanding data mining to strengthen early GR fraud detection/prevention.
- Assess each of the GR options relative to opportunities to reduce fraud, taking into account the cost/benefit of reducing fraud within a respective option, and relying upon the data provided regarding the prevalence of fraud with respect to each option.

### B. Deliverables

- Provide recommendations for strengthening internal controls that target early GR fraud detection and prevention.
- Develop recommendations for strategic structuring of the DPSS WFP&I section to maximize fraud prevention and investigation based upon relative risk.
- Provide an evaluation of each GR option relative to opportunities to reduce fraud, taking into account the cost/benefit of reducing fraud within a respective option, and relying upon the data provided regarding the prevalence of fraud with respect to each option.

## III. Compile and conduct data and fiscal analysis for all options.

For each option, gather the data required to conduct the feasibility and fiscal analysis required to assist the team in making final implementation recommendations. Data will be collected from LEADER, MAPPER (the GROW computer system), manual DPSS reports, DPSS financial reports, data compiled by CEO Service Integration Branch, and any reputable external data source relevant to

General Relief/Assistance. Complete the standard template developed in the previous step for each of the eleven options.

**A. Principal Tasks**

- Develop a Data Inventory with existing data (internal vs. external) and data that may need to be collected to inform the decision-making process.
- Review and analyze relevant data for each option.
- Evaluate and document the impact on constituents.
- Conduct fiscal analysis.
- Document findings via the standard template.
- Determine which option(s) will be recommended to the Board for consideration.

**B. Deliverables**

- Completed standard template for all options, including data and fiscal analysis, impact on constituents, and projected cost savings/expenditures. For those options where the team cannot reach consensus, documentation of divergent views and supporting justification will be written by the parties elaborating these divergent views.

**IV. Develop Final Report**

The Work Group will develop recommendations, along with the supporting documentation to be presented to the Project Oversight Team and to the Board. If during the data analysis and overall discussions, the Work Group develops additional recommendations, beyond the 11 options already identified, the team may include those options in the final Board report, along with corresponding analysis.

**A. Principal Tasks**

- Draft final report.
- Obtain feedback from Project Oversight Team.
- Incorporate feedback.

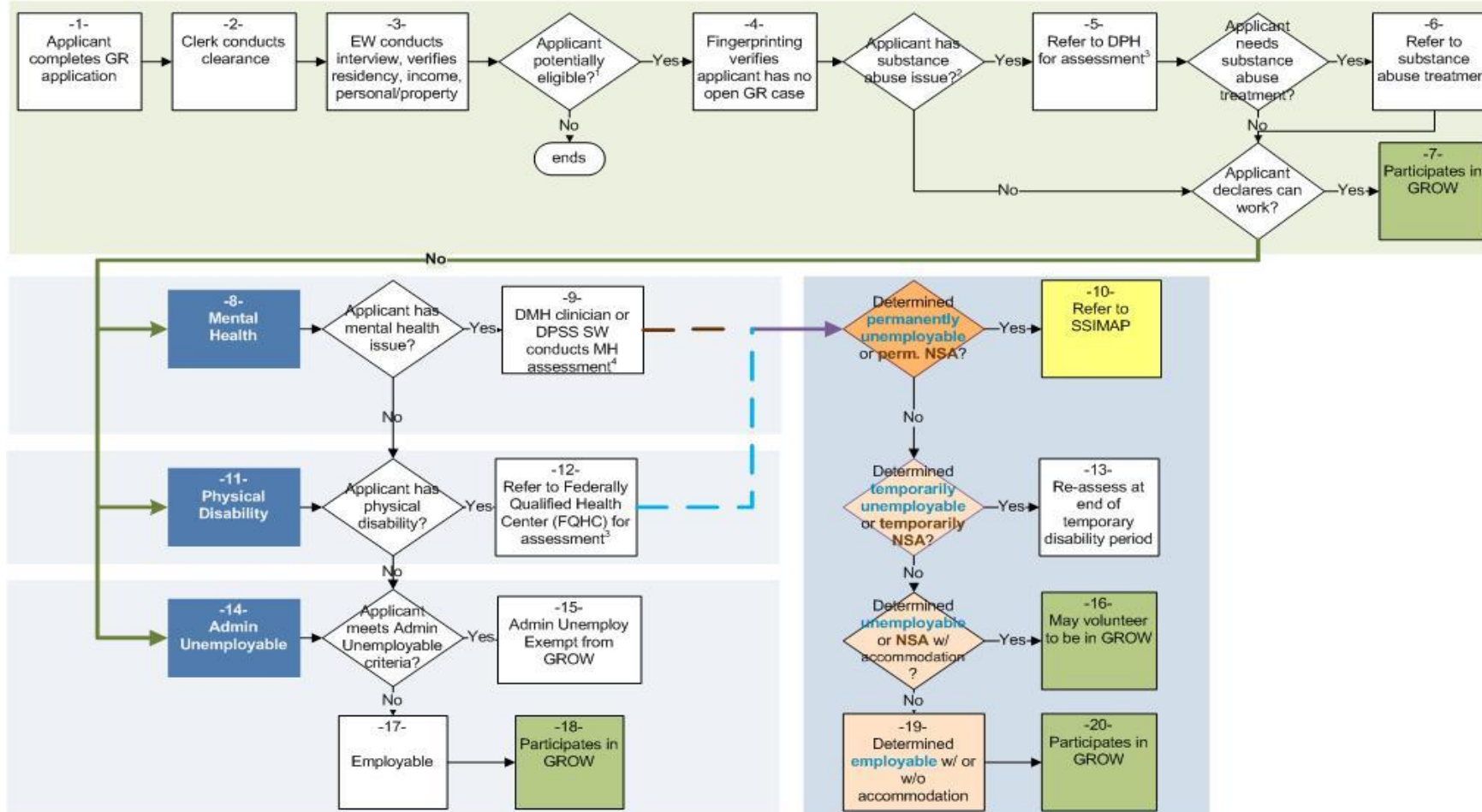
**B. Deliverables**

- Final report to the Board.

# END-TO-END BUSINESS PROCESS

High-Level General Relief Process for Applicant

AT ANY POINT DURING THE PROCESS, THE APPLICANT MAY BE DEEMED NEEDS SPECIAL ASSISTANCE (NSA) AND CONNECTED TO MENTAL HEALTH SERVICES.



## Notes:

<sup>1</sup> Potentially eligible means that a GR applicant has successfully completed the GR application packet, been cleared by the case opening clerk, completed his/her initial interview with the EW, and information gathered thus far does not disqualify him/her from the GR program, pending additional evaluation and documentation/verification.

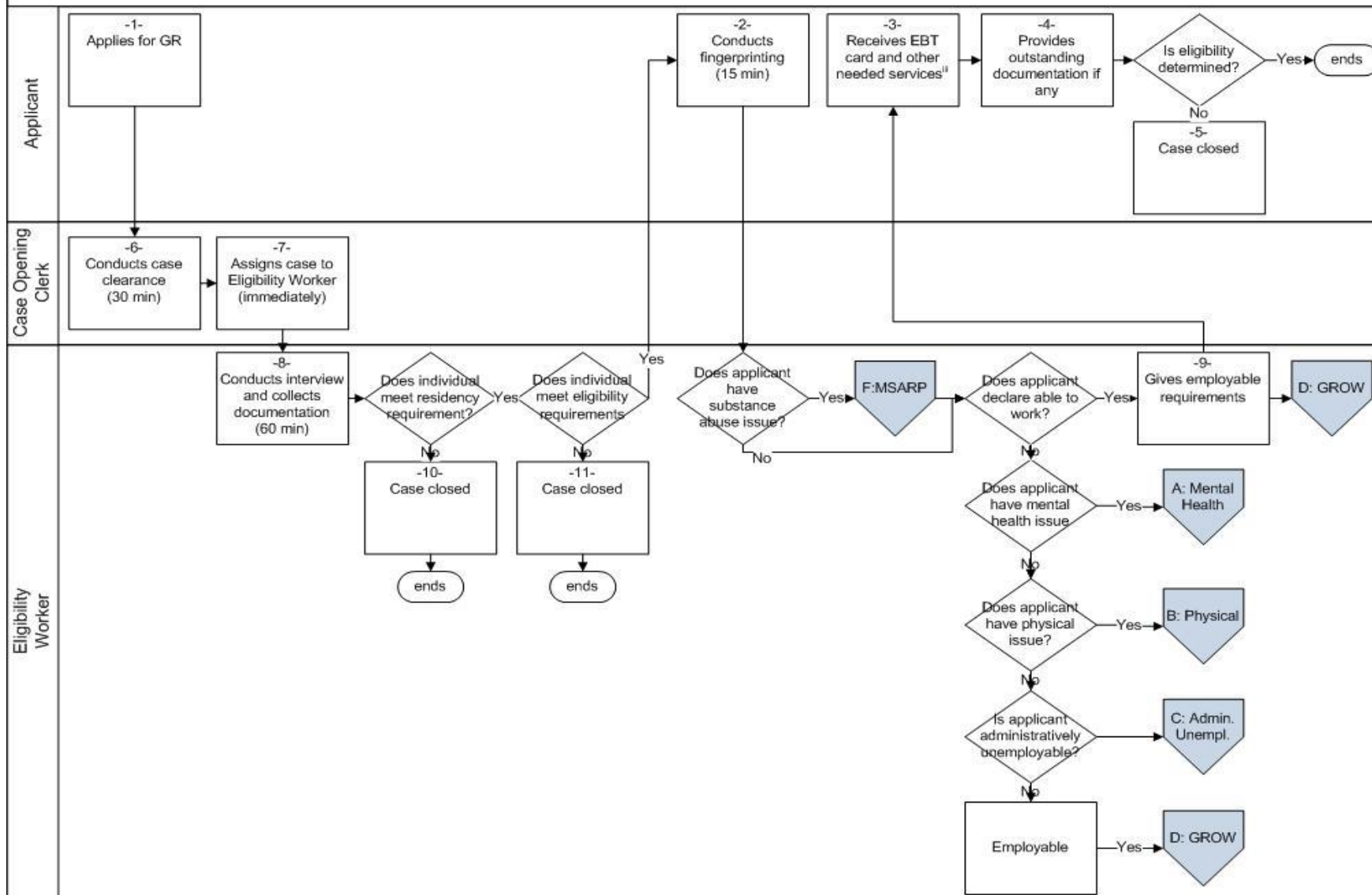
<sup>2</sup> Substance abuse assessment may be simultaneously conducted with mental health, physical disability, and administratively unemployable determinations.

<sup>3</sup> If applicant does not attend substance abuse screening their application is denied.

<sup>4</sup> For **assessment of mental health**, a determination of permanently or temporarily Needs Special Assistance is made. For **assessment of physical disability**, a determination of permanently or temporarily employable or unemployable is made.

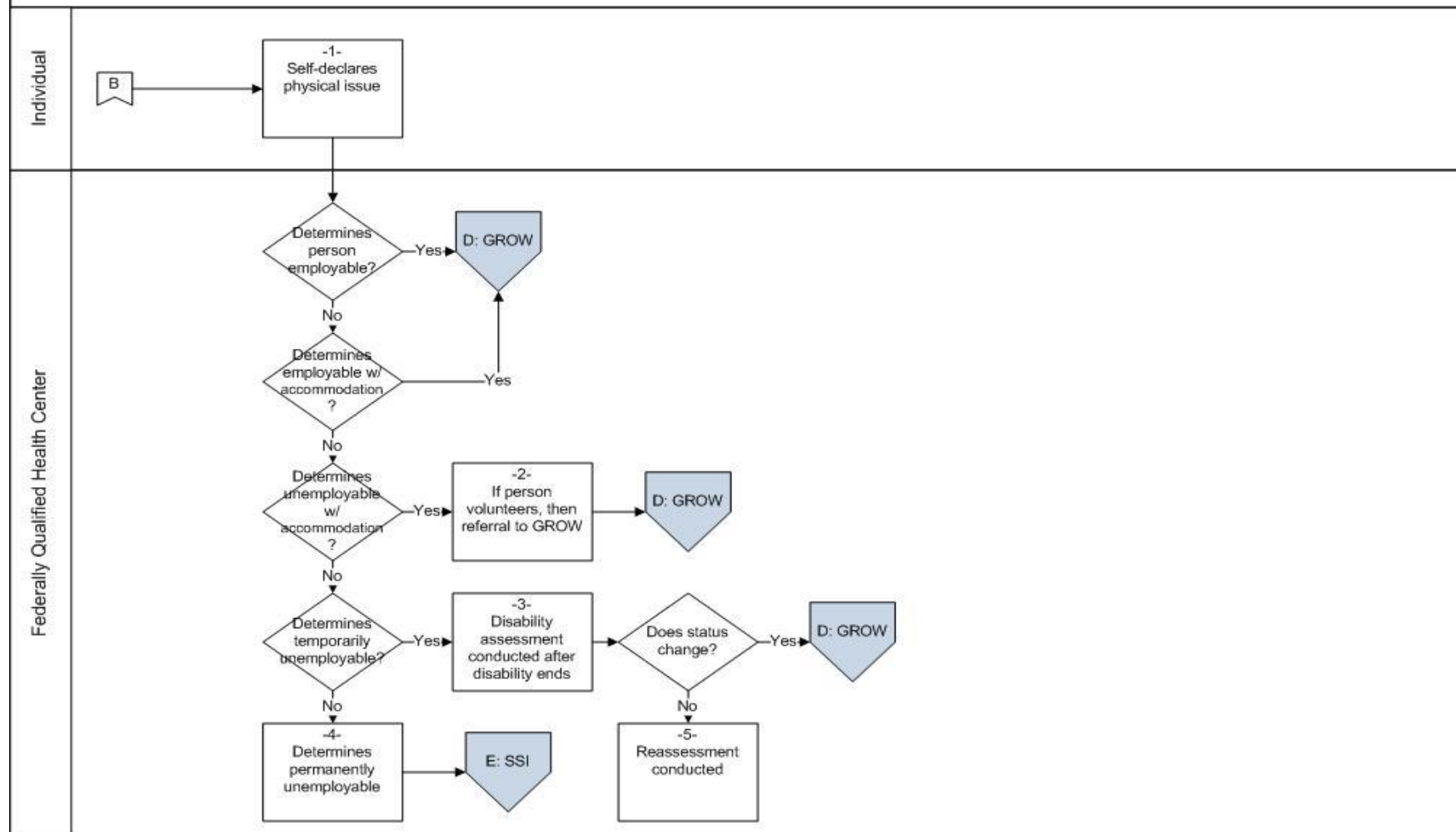


## General Relief Application and Intake Process (within 30 days)





## B: Physical Assessment

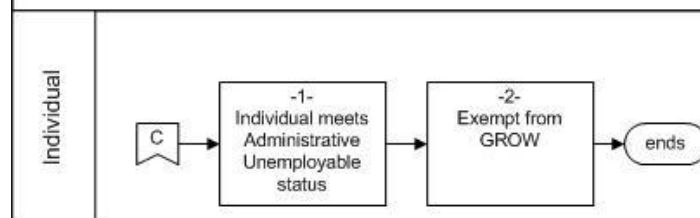


## Notes:

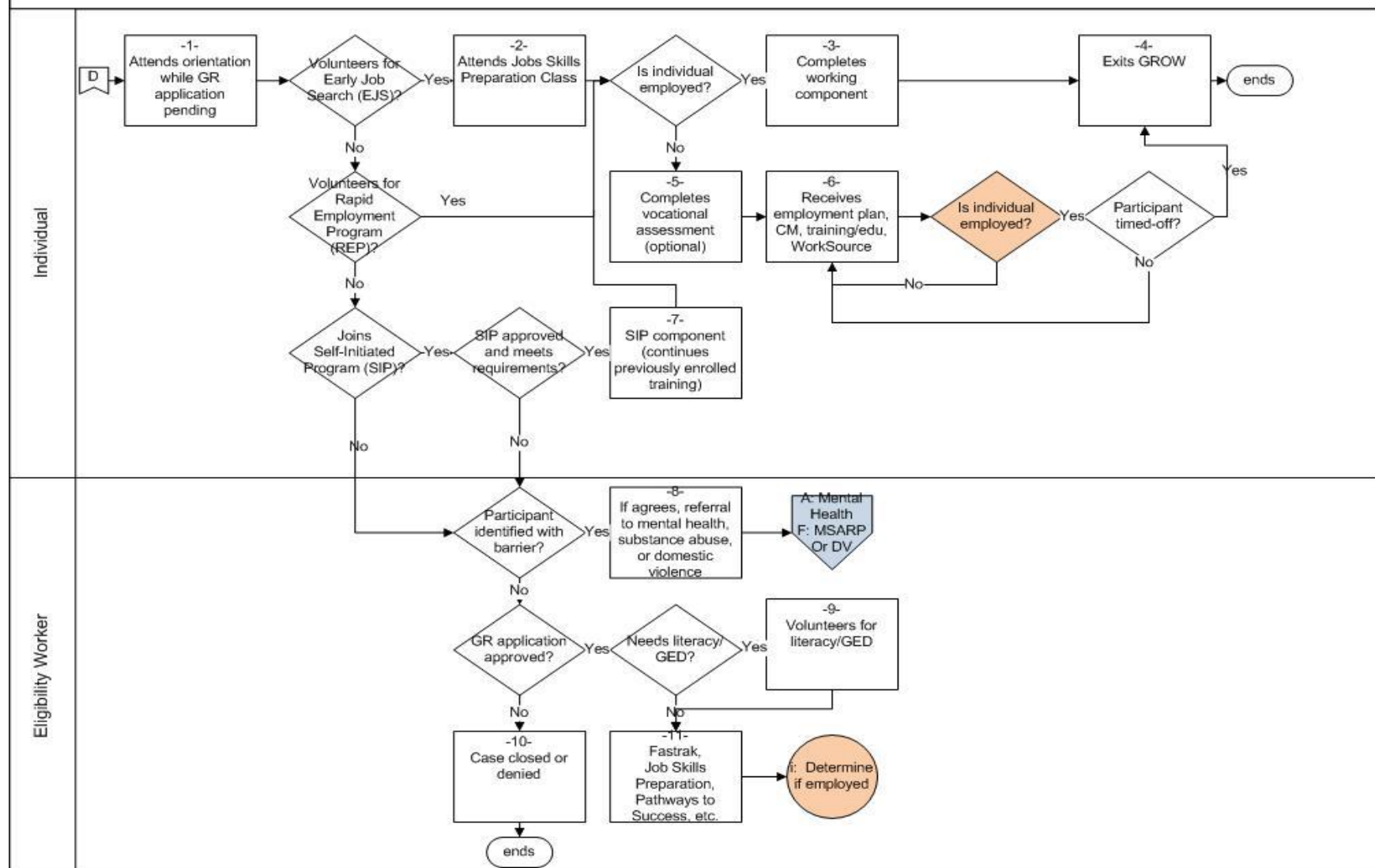
Number of days to FQHC may vary by District Office

The FQHC staff enters information about physical status into LEADER, and the EW receives this information in order to refer to GROW or SSI.

## C: Administratively Unemployable

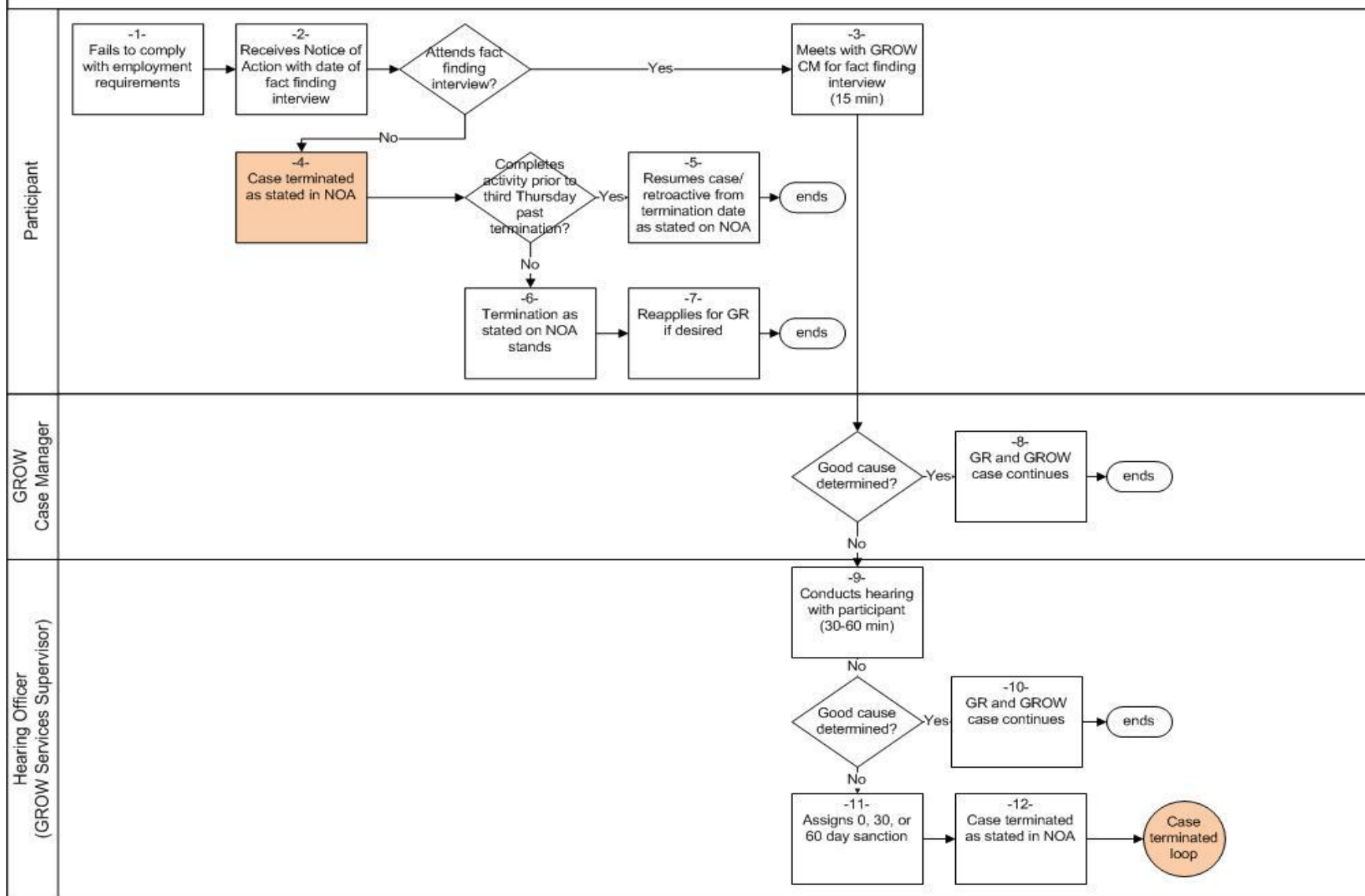


## D: General Relief Opportunities for Work (GROW)

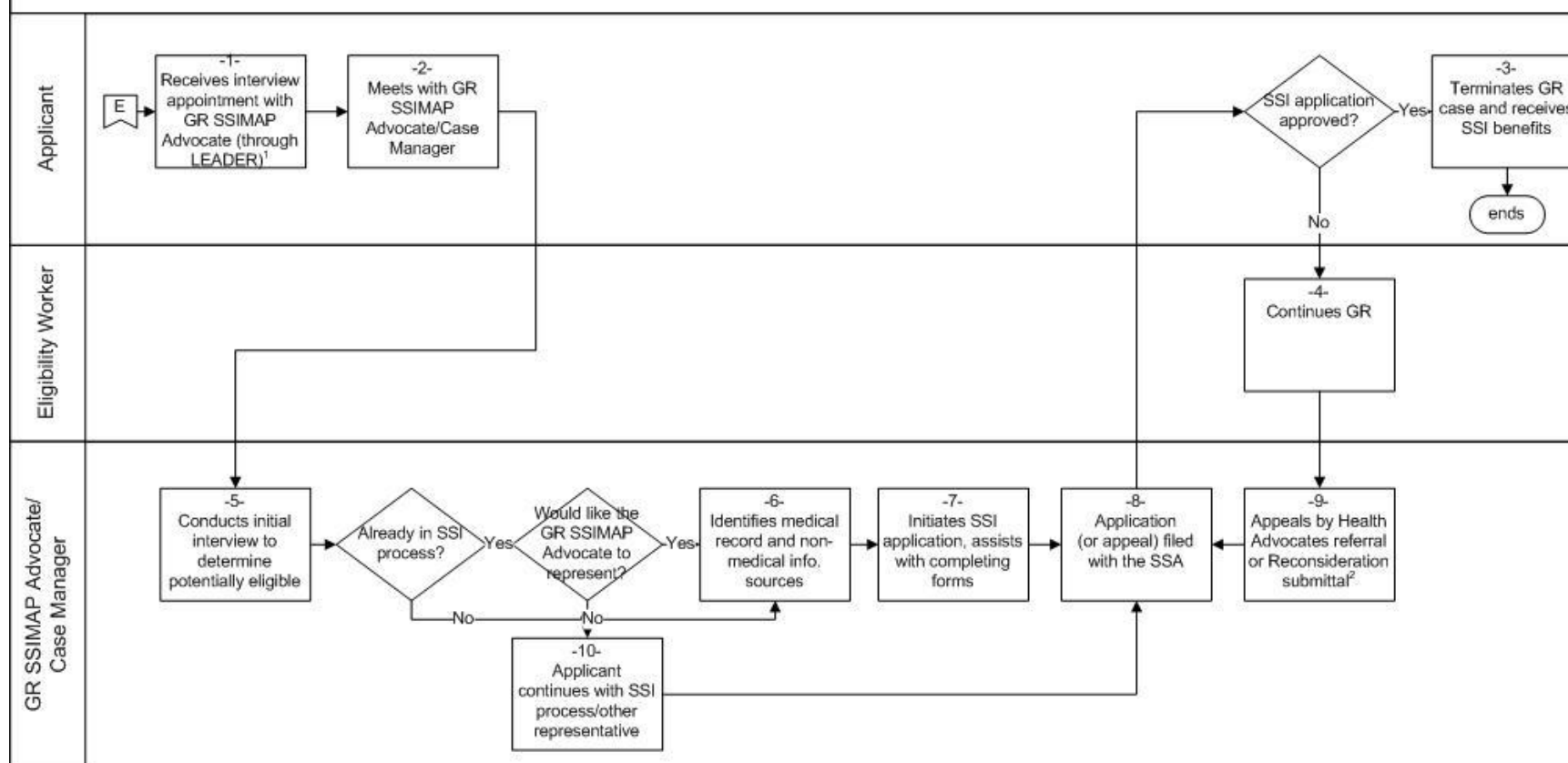


Note: At any point during the process, the applicant may be deemed Needs Special Assistance (NSA) and connected to mental health services.

## General Relief GROW Sanction Process



## E: Supplemental Security Income and Medical Advocacy Program (SSI/MAP)

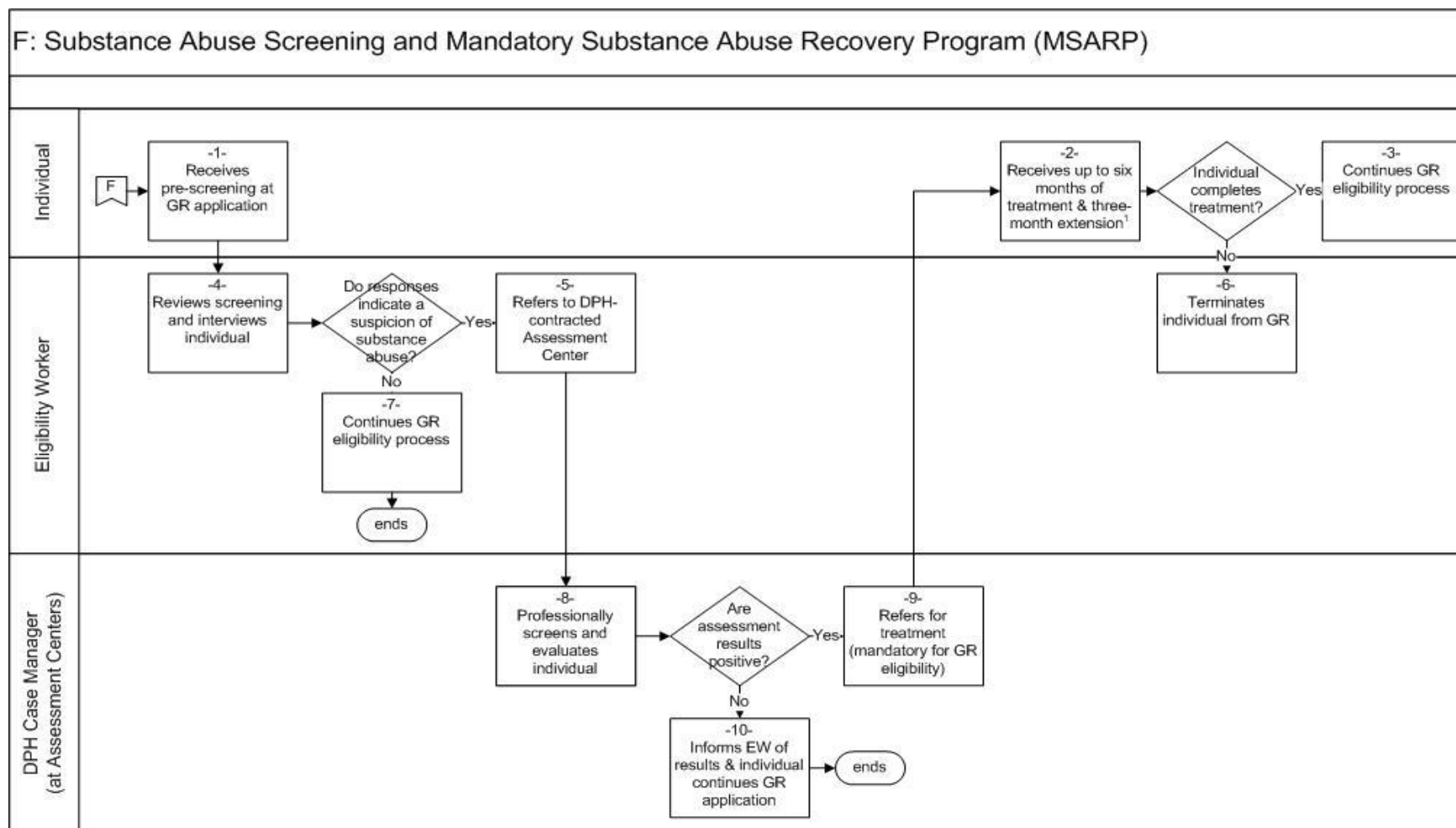


<sup>1</sup>LEADER system schedules the applicant for an initial interview with the GR SSIMAP Advocate when:

- The GR participant is given a permanent unemployable status; or
- The GR participant has been disabled for 12 consecutive months

<sup>2</sup>Once the appeals process has been exhausted, the individual continues GR and may reapply to SSI.





<sup>1</sup>Most individuals receive outpatient treatment program and are provided a transportation allowance. Residential and day treatment services are also available for individuals in need of a more structured treatment/recovery environment.

**Notes:**

If terminated from GR due to time limits, individuals may continue to receive treatment for up to a maximum of nine months. To be eligible for ongoing treatment, the participant must have entered treatment while receiving GR benefits.

DPSS MSARP Case Manager liaisons with DPH Case Managers as needed.



# ECONOMIC ROUNDTABLE REPORT

## Economic Roundtable’s “Dividends of a Hands Up: Public Benefits of Moving Indigent Adults with Disabilities onto SSI”

### Executive Summary

Counties bear large hidden costs for individuals with disabilities who are indigent or homeless. This includes costs for health care, jails and probation in addition to readily identifiable county costs for public assistance. A large share of this cost is health related – costs that the federal and state governments would pay through Medi-Cal if the individuals were receiving Supplemental Social Security Income (SSI).

This study examines opportunities for counties to avoid costs by moving individuals with disabilities who are General Relief recipients, medically indigent hospital patients, and homeless hospital patients onto SSI and Medi-Cal.

California’s population of single adults 18-64 years of age who are U.S. citizens and not attending school includes:

- Almost 300,000 indigent individuals with incomes of \$4,000 or less in 2009
- Nearly 140,000 individuals receiving General Relief (GR – also called General Assistance or GA) in a typical month, with the annual unduplicated caseload roughly 1.7 times greater
- An estimated 110,000 indigent single people with disabilities who are eligible for SSI but do not receive it
- Over 70,000 indigent individuals who are admitted to California hospitals each year, at an average cost of \$40,000 per admission for county indigent programs
- Over 18,000 people identified as homeless who are admitted to California hospitals each year, at an average cost of about \$37,000 per admission

**Annual health costs that can be avoided by moving low-income Californians with disabilities onto SSI include:**

**\$504 million in county health care costs for GR recipients**

**\$156 million private hospital costs for GR recipients**

**A total of \$1.4 billion for county indigent patients**

Statewide in 2009, an estimated 110,000 low-income single adults with disabilities were eligible for SSI but not enrolled in the program. This represents one potentially eligible person left out of SSI for every person who was covered by the program.

In the typical monthly GR/GA statewide caseload, an estimated 51,000 individuals, have disabilities but are not receiving SSI. Eligibility rates for SSI increase markedly with age, rising from less than 20 percent among recipients 18-25 years of age to half among recipients 46-55 years of age.

Most health care and public assistance costs for GR recipients with disabilities that are currently paid by counties (\$831 per month) can be covered by Medi-Cal and SSI. In addition, there is a monthly average of \$259 in health care costs at private hospitals that will be covered by Medi-Cal when these individuals move over to SSI.

California counties could save \$42 million per month and private hospitals could save another \$13 million if eligible General Relief recipients with disabilities in the typical monthly caseload were moved onto SSI. Because recipients cycle on and off of aid, the annual caseload is an estimated 1.7 times greater than the monthly caseload. Therefore, the annual costs avoided by moving the annual caseload of eligible individuals onto SSI are also 1.7 times greater, totaling \$71 million for counties and \$22 million for private hospitals.

County health costs for indigent residents will be ameliorated when the Medicaid Expansion provisions of the new Federal Health Law take effect in 2014 (and to a lesser extent by the 1115 Medicaid waiver), but the extent and amount of federal offsets is not known at this time. Counties are likely to face some level of continuing costs for these residents, and there are likely to be continuing financial benefits for counties' healthcare and GR budgets when low income persons with disabilities are enrolled in SSI.

Mental disorders were the cause of hospitalization for three-quarters of homeless patients and half of county indigent patients. Most hospitalizations of these patients are for chronic conditions that are likely to result in return visits to the hospital.

Over half of homeless hospital patients and over a third of county indigent patients have disabilities and are likely to be eligible for SSI. After they move onto SSI, they have ongoing access to outpatient health care through Medi-Cal, which can help stabilize their chronic health problems, reduce the frequency of hospitalization, and provide a federal source of payment for inpatient care when it is necessary. Movement of these patients onto SSI will result in roughly \$1.4 billion dollars a year in avoided hospital payments that are currently paid by county indigent programs.

When individuals with disabilities enroll in SSI, the federal government assumes a much larger role in underwriting public costs. Counties no longer have to pay health and welfare costs totaling \$831 a month, and hospitals are assured of compensation for health care services. Furthermore, with greater financial stability under SSI and opportunities for permanent housing, county justice system costs may well decline significantly. Justice system costs have been shown to decline 82 percent when homeless individuals with disabilities enter permanent supportive housing.

When individuals move from General Relief to SSI, their income increases because SSI provides significantly higher monthly payments than General Relief. In addition to improving the quality of life for individuals, this increased income has multiplier impacts on the regional economy. Each new dollar that enters a region is spent multiple times, first by the original recipient, then by providers of goods and services as they in turn buy goods and services from their suppliers to meet increased demand. The net result is that the increased expenditures of SSI recipients create economic impacts that are greater than the amount of SSI funds that are spent.

For the 50,000 GR recipients with disabilities in the statewide monthly caseload, monthly SSI payments are typically \$469 more than General Relief payments for single adults.

Another 60,000 low-income Californians with disabilities are estimated to be eligible for SSI but receive no cash aid of any kind in a typical month. The \$686 that SSI recipients in the state typically receive each monthly is all new money coming into the local economy when it goes to unaided individuals.

When 110,000 low-income California residents with disabilities move onto SSI, 50,000 from the GR caseload and another 60,000 from the unaided population, the statewide impacts will be:

- \$647 million in additional annual economic output
- 4,310 new jobs will be created
- \$47 million in additional annual local and state tax revenue will be generated annually
- \$50 million in additional federal tax revenue will be generated annually

**Moving all 110,000 eligible Californians onto SSI will:**

- **Increase output in the state economy by \$647 million**
- **Create 4,310 new jobs**
- **Increase state and local tax revenue by \$47 million**
- **Increase federal tax revenue by \$50 million**

Improved access to SSI will enable more individuals with disabilities who are chronically homeless to enter supportive housing, where they will have permanent, affordable rental units with on-site case management and linked supportive services. When these individuals are provided with supportive housing, local public costs for them decrease by about 80 percent. If the operating and capital costs, which are largely paid for by non-local funds, are added to the equation, public costs will decrease by about 44 percent.



# PART B: AUDITOR-CONTROLLER ANALYSIS

County of Los Angeles  
May 2012

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**AUDITOR-CONTROLLER'S ASSESSMENT OF OPPORTUNITIES TO ENHANCE PROGRAM INTEGRITY AND REDUCE POTENTIAL FRAUD WITHIN THE GENERAL RELIEF PROGRAM (Board agenda item #3, October 18, 2011)**

At the October 18, 2011 meeting, your Board directed the Chief Executive Officer (CEO), the Auditor-Controller (A-C), and the Acting Director of the Department of Public Social Services (DPSS), in consultation with the advocate community, to assess the General Relief (GR) program's options for change, which were originally submitted to your Board in August 2011 by the CEO and the Acting Director of DPSS. The Board's motion included direction for the A-C to assess the potential of each of the options to:

- increase GR program integrity,
- reduce fraud and/or strengthen enforcement of GR program rules, and
- project cost savings and expenditures for each option, as well as any actual evidence of program fraud.

The A-C participated in GR Options Work Group (Work Group) meetings jointly chaired by the CEO and DPSS. This report was prepared in consultation with the Work Group members, but is representative of the A-C's independent analysis, and not the views of other departments or the advocates who participated in the Work Group.

This report is one of two mutually dependent A-C component contributions to the Work Group's work product. The first component is included within the Work Group's options templates as Attachment A which includes the A-C's perspective specific to each option's potential to impact GR program integrity and/or to mitigate GR program fraud. The second component is this report, Attachment B, which is in response to the Board's motion for the A-C to assess the potential within the GR program as a whole to reduce fraud, increase GR program integrity, and/or strengthen enforcement of GR program rules

In addition to participation in the Work Group, the A-C's review included tours of three GR District Offices (Rancho Park, South Central, and South Special), interviews of selected managers and staff, and analysis of available data. Given the initial timeframe required to complete this project, and the scope provided within the Board's motion, the A-C's did not conduct direct client GR fraud investigations. Rather, the A-C focused its efforts on a review of DPSS' investigation methodology and case files, and provided recommendations to enhance DPSS' overall fraud program. Specifically, the A-C reviewed DPSS' recent GR early fraud pilot program files and compared our results to historical GR fraud findings.

**Increasing Numbers of GR Applicants and Participants**

GR is a relatively modest size program when viewed in the broad context of the resources administered by DPSS. However, GR grants are exclusively funded by net

County cost (NCC) without Federal or State assistance. Therefore, increases in the number of GR participants can have a substantial impact on County resources.

DPSS maintains data for GR applicants (those applying for GR aid) and for GR participants (those currently receiving GR aid). Our primary observations with respect to the GR program pertain to a notable increase in both the number of GR applicants and participants, and an increase in applicants who identify themselves as homeless. DPSS defines homeless as follows:

*A family/individual is considered homeless when it physically lacks a fixed and regular nighttime residence, shares a residence with other family or friends on a temporary basis, or resides in a temporary shelter, commercial establishment, or transitional housing or has been issued a notice to pay rent or quit.*

The increasing numbers of homeless GR applicants are illustrated in the following table:

**Table 1**  
**GR Participants and Homeless GR Applicants**

	GR Participants and Applicants				
	2008	2009	2010	2011	2008 → 2011 Percentage Increase
<b>GR Participant Count</b>	67,880	83,396	99,319	109,517	+ 61%
<b>GR Applicant Count</b>	155,919	182,580	207,864	228,154	+ 46%
<b>GR Applicants Claiming Homelessness</b>	46,029	50,483	64,059	102,714	+ 123%
<b>Percent of Homeless to Total Applicants</b>	30%	28%	31%	45%	

In addition to economic factors, DPSS management attributes the rising homeless GR statistics in-part to applicants' false claims of homelessness. Staff and managers within District offices expressed their opinions that applicants' false homeless claims may be motivated by varying factors such as:

- GR applicants' desires to avoid a \$34 shared housing deduction in their \$221 monthly GR grant amount,
- GR applicants' awareness of DPSS' goal to issue same-day CalFresh assistance for homeless applicants, instead of otherwise waiting up to two weeks for DPSS to make an eligibility determination for non-homeless applicants, and

- The greater flexibility with respect to a participant's spending choices, including as part of the "Restaurant Meals Program", which enables CalFresh participants who are homeless, elderly, or disabled to use their CalFresh benefits at approximately 1,200 restaurants enrolled in the program.

### **GR Early Fraud Prevention Pilot Program**

In January 2012, DPSS initiated a GR "Early Fraud Prevention Pilot Program" (pilot program) to address potential indicators of GR applicant fraud linked to homelessness within three (of 14) selected District Offices that intake GR applicants: Rancho Park, South Central, and South Special. These three offices represent 28% of GR applications received Countywide. The pilot program is a refinement of DPSS' existing Early Fraud Program which has been operational for over five years.

DPSS indicated that their basis for determining whether fraud has occurred is rooted in guidelines and regulations established by the State Department of Social Services, and in the California Welfare and Institutions Code (WIC). The WIC defines fraud in part as:

*Knowingly, and with intent to deceive or defraud, making a false statement or representation to obtain benefits, or avoid a reduction in aid benefits.*

*Knowingly, and with intent to defraud, failed to disclose a fact which, if disclosed, could have resulted in the denial, reduction or discontinuance of benefits.*

*Accepted benefits knowing he/she is not entitled thereto, or accepted any amount of benefits knowing it is greater than the amount to which he/she is entitled.*

*For the purpose of obtaining, continuing, or avoiding a reduction or denial of benefits, made statements which he/she did not know to be true with reckless disregard for the truth.*

### **Applicants' Homelessness Declarations**

The pilot program reinforced among Eligibility Workers (EWs) various indicators of an applicant's self-declared homelessness that may result in the need for referral of the GR applicant to the ongoing Early Fraud Prevention Program. Referrals are made when the EWs have a reasonable suspicion of GR applicant fraud such as applicants residing with family or other relatives, or applicants residing at their given mailing address. The pilot program and the ongoing Early Fraud program pertain only to applicants for GR aid, and not to ongoing participants who are currently receiving GR aid.

The pilot program included an additional fraud investigator redeployed from DPSS' Welfare Fraud Prevention and Investigations (WFP&I) Section for each of the three pilot



offices. As part of the pilot program, in addition to EWs, investigators could now make fraud referrals.

There were 891 suspected fraud referrals involving some aspect of homelessness that were identified among 12,652 GR applications received during January and February 2012 at the three offices participating in the pilot program. The following table summarizes the results of DPSS' investigation of the referrals, and of our review of DPSS' investigative file for each case where DPSS identified a positive fraud finding.

**Table 2**  
**Review of DPSS' Positive Fraud Findings from Pilot Program Referrals**

<b>Applicants Self-Declaring Homelessness Pilot Program Referrals During January and February 2012</b>		
<b>DPSS' Pilot Program Positive Fraud Findings</b>	Referrals to Pilot Program <b>(1)</b>	891
	Investigations Pending	(422)
	DPSS' Completed Investigations	469
	DPSS' Positive Fraud Findings <b>(2)</b>	199
	DPSS' Positive Fraud Findings %	63%
<b>Auditor-Controller's Review of DPSS' Positive Fraud Findings</b>	A-C's Review of DPSS' Positive Fraud Findings	199
	A-C's Concurrence of Positive Fraud Findings <b>(3)</b>	126
	A-C's Positive Fraud Findings %	27%
<b>Estimated Cost Savings Resulting from Reducing Positive Fraud Findings Among GR Applicants</b>	Eliminating the aid costs associated with the 126 DPSS positive fraud findings from three regional offices the A-C confirmed would result in annual savings of approximately \$125,000.  When projected to the 422 pending referrals, and to all applicants who were not part of the pilot program, the annual savings is projected at approximately \$850,000. <b>(4)</b>	\$850,000

- (1)** The reasons for the 891 Early Fraud Pilot Program referrals included 358 (40%) for applicants suspected of residing at their given mailing address, 287 (32%) for residing with a relative, 165 (19%) for other indicators the applicants may not be homeless, and 81 (9%) for applicants suspected of not residing in Los Angeles County.

- (2) There is some subjectivity with respect to confirming if an applicant is homeless, particularly with respect to the determination of whether the applicant's nighttime residence is temporary or permanent.
- (3) The primary bases for our confirmation of positive fraud findings were supported by documentation within DPSS' investigation files such as an applicant's affidavit, the investigator's documentation of the applicant's verbal admission that they were not homeless, an admission of a cohabitant family member that the applicant permanently resided in their residence, or evidence that the applicant resided outside of Los Angeles County or was incarcerated.
- (4) The projected annual potential GR savings are calculated as follows:

Positive Fraud Findings	126
Monthly GR Grant	<u>x \$221</u>
Subtotal:	\$27,846
x Six-Months (based on two-month pilot program)	<u>x 6</u>
Annual Positive Fraud Findings from Three Pilot Offices	\$167,076
Referrals Pending Investigation	422
x Ratio of Positive Fraud Findings Among Completed Investigations ( 126 ÷ 469 )	<u>x 0.269</u>
Computed Positive Fraud Findings within Pending Investigations	113.37
x Monthly GR Grant	<u>x \$221</u>
Subtotal:	\$25,055
x Six-Months	<u>x 6</u>
Annual Positive Fraud Findings within Pending Investigations	<u>+ \$150,333</u>
Subtotal Projected Savings	\$317,409
Reduce by 25% for Applicants Who Remain GR Eligible	<u>(\$79,352)</u>
Subtotal:	\$238,057
Projected to Remaining GR Applicants	<u>÷28%</u>
Total Projected Annual Potential GR Savings:	<u><b>\$850,202</b></u>

#### Historical Early Fraud Data

Historically there has been limited data available that is exclusive to fraud within the GR program. GR participants are at times linked to fraudulent activities involving other aid programs such as child care or CalFresh. As part of its support efforts for the Work Group, DPSS has refreshed its methods for compiling data to facilitate assessment of the extent of existing fraud exclusive to GR, and to evaluate fraud patterns or trends as viewed over a period of time.

Based on the available Early Fraud Prevention Program data for the preceding five years, we calculated historical two-month averages for the County as a whole in order to develop a perspective on the first two months of the pilot program's effectiveness. The three pilot program offices represent 28% of countywide GR applicants, and thus the pilot program's results are reasonably representative of slightly less than one-third of results estimated for all GR applicants. The pilot program, when applied to GR applicants countywide, could result in possible identification of at least three-times the level of fraud identified through the pilot program. The following table provides the data for the recent two-month Early Fraud Prevention Pilot Program for the three piloted offices in a side-by-side comparison to the two-month average of Early Fraud Prevention results for the entire County provided for the previous five years.

(Table 3)

**Early Fraud Prevention Pilot Program vs. Countywide Program**

	Two Month Pilot Program Three District Offices [28% of GR Applicants]			Last 5 Years All District Offices [100% of GR Applicants]		
	Jan-Feb 2012	Monthly Average	%	Two- Month Average	Monthly Average	%
<b>Positive Fraud Finding</b> <sup>(1)</sup>	126	63	27%	160	80	40%
<b>Negative Fraud Finding</b>	269	135	57%	236	119	60%
<b>Failure to Cooperate/Other</b> <sup>(2)</sup>	73	37	16%	N/A	N/A	N/A
<b>Completed Investigations</b>	469	235	100%	396	199	100%

<b>Pending Investigations</b> <sup>(3)</sup>	422	211
<b>Total Early Fraud Referrals</b> <sup>(4)</sup>	891	445

- (1) The 126 positive fraud findings we confirmed are 1% of the total 12,652 GR program applications received at the three pilot offices during January and February 2012.
- (2) Seventy referrals ended without a fraud finding due to the applicants' failure to cooperate with the investigation process. The early termination of these cases represents approximately \$630,000 in potential annual aid that otherwise may have been provided.
- (3) Referrals pending investigation will further increase the number of the pilot program's overall positive and negative fraud findings compared to the Countywide fraud findings prior to implementation of the pilot program.
- (4) There were 54 early fraud referrals from the three pilot program offices in addition to the referrals noted above. These 54 referrals had no linkage to the pilot program's focus on aspect of applicants claiming homelessness. If consistent with pilot program positive fraud finding rates, these referrals would equate to approximately \$192,000 in annual GR aid savings.

Centralized GR investigations conducted by DPSS' WFP&I from the 105,702 existing GR aid participants could potentially generate positive fraud findings similar in scope to Early Fraud prevention program findings among GR applicants who have not yet been approved for aid.

### **Inconsistent Rates of Referrals**

There were inconsistent rates of referrals among offices, and between and among investigators and eligibility staff. We noted significant variation in the rates of early fraud referrals among both eligibility and fraud investigation staffs. At some District Offices, one EW or one Fraud Investigator was responsible for the majority of fraud referrals. For example, during January 2012 at one District Office, 286 pilot program fraud referrals were made by EWs, but none by Fraud Investigators. At another office during that same month, 167 fraud referrals were made by Fraud Investigators, but only 15 referrals from EWs. This indicates a potential inconsistent focus on fraud indicators among applicable staff, and possible fraud referrals that are not being identified.

There was no data available to determine the outcomes of fraud referrals specific to each person making referrals. By tracking referral rates among individuals and comparing positive and negative fraud findings, DPSS will be able to identify the quality of these referrals, refine criteria and techniques to maximize the effectiveness of the fraud referral process, and direct investigation resources and training toward suspicions that demonstrate greater likelihood of identifying fraud. Tracking findings that result from referrals also provides an opportunity for feedback and coaching for those staff who demonstrate substantial variations in their early fraud referral rates, and/or to

cultivate lessons learned into best practices relative to referrals that germinate into positive fraud findings.

### **Recommendation**

DPSS management:

1. Monitor early fraud referral rates and resulting positive fraud findings among eligibility and investigations staff to identify best practices that can be shared among staff, and provide feedback and coaching for staff who demonstrate substantial variations from expected rates of early fraud referrals and positive fraud findings.

### **Expanding the Early Fraud Prevention Pilot Program**

The results of the pilot program are an indicator of potentially undetected fraud and the opportunity to enhance program integrity. We believe the pilot program's results support the potential benefits of expanding the pilot program to all GR offices, and to ongoing participants as well as applicants, as a means of identifying fraud and ensuring program integrity.

It is reasonable to conclude that the expansion of this pilot program to all District Offices would result in increased referrals. It is important to note though that the quality of referrals is equally important and must be properly monitored. Expanding the pilot program's focus to include existing GR participants would likely expand the number of positive fraud findings, though the effectiveness of this approach among GR participants (as distinguished from applicants) would need to be tested.

Historically available GR fraud data has at times been comingled with other aid programs, or did not provide sufficient granularity to assist with trend analysis such as specifying the frequency of various types of fraud. GR fraud trends need to be gathered and analyzed regularly, including monitoring the rate at which fraud referrals result in positive fraud findings to improve the effectiveness of referral criteria, and categorizing the types of positive fraud findings so screening can be adapted as trends emerge relative to the nature of actual fraud. The results of data gathering and trend monitoring may also serve as a valued source for identifying training needs, and as a tool for evaluating performance.

### **Recommendations**

DPSS Management:

2. Evaluate the merits of expanding the Early Fraud Prevention Pilot Program to all District Offices, and to GR participants as well as the ongoing effort involving applicants.

3. Continue to collect, refine, analyze, and regularly produce management reports on historical and current GR fraud trends, fraud referrals, and positive fraud findings analysis, and on the outcomes of fraud referral, detection and prevention efforts, based upon the analysis and collective efforts of the Work Group.

## **Fraud Detection**

Individuals seeking GR assistance complete application materials which are used by DPSS staff for determining eligibility. A DPSS screener reviews the materials with the applicant, followed by an applicant interview conducted by an EW. During the interview, the EW asks questions to clarify and confirm statements made by the applicant that may impact the applicant's eligibility for aid, including completion of a Statement of Facts which clarifies aspects of the applicant's living arrangements. Some of the EW's questions may elicit applicant responses that highlight inconsistencies with information provided by the applicant that, in some circumstances, are an indication of deliberate attempts by the applicant to obtain aid for which they are not eligible.

EWs are responsible for applying regulatory and policy standards to make determinations of initial and continuing eligibility of applicants and participants applying for or receiving GR. A component of the EW's task of determining program eligibility is review and analysis of financial and eligibility information to determine initial and continuing eligibility for GR, including follow-up on indicators of potential fraud that may arise at various stages of the application or case management processes.

## **GR Applicant Backlogs**

Our visits to three of the 14 District Offices that administer the GR program, and interviews with staff and managers at those offices, revealed backlogs of applicants awaiting eligibility screening. All levels of staff and management at the three offices we visited were open about the fact that eligibility screening is at times a triage function. Staff admitted to not pursuing some fraud indicators, and not making some fraud referrals they otherwise would make, due to high caseloads and to alleviate participant wait times.

The Memorandum of Understanding (MOU) between the County and the employee collective bargaining units define caseload "yardsticks". These yardsticks within the EW's MOU generally range from about 138 to 206 GR client cases per month for EWs handling an approved GR caseload. District staff and managers described EW caseloads routinely exceeding 400, and at some offices exceeding 600 cases.

## **Investigators' Backlog**

Supervisors and managers confirmed their awareness that fraud referrals were not always made to DPSS' Early Fraud Prevention program or to the WFP&I Section. An increase in fraud referrals resulting from more thorough screening would trigger more investigations. Without adding resources to follow-up on these referrals, the EW caseload backlog could shift to the fraud investigators' backlog.

### **Adherence to Procedures**

Additional EWs would allow additional interview time to identify and explore clues to ineligibility and fraud. The results of the Early Fraud Prevention Pilot Program initiated in January 2012, reveal that DPSS has the processes and procedures in place to identify currently undetected fraud, but does not consistently adhere to those procedures. The Department needs to ensure those policies are followed and appropriately resourced.

An increase in EWs, if implemented, should be assessed with consideration of needed complementary staffing such as additional WFP&I investigators and more Early Fraud Prevention Program resources.

### **Recommendations**

DPSS Management:

4. Reinforce the need for applicant screeners and EWs to adhere to existing fraud awareness and fraud referral policies and procedures.
5. Work with the CEO to conduct an analysis of the allocation of personnel, and enhance GR program integrity by appropriately resourcing applicant screening, eligibility determination, and investigation functions.

### **Residency Verification**

The initial and annual redetermination of a participant's residency is a prudent means of strengthening program integrity by verifying an individual's eligibility for GR assistance. At times an EW or an Early Fraud Investigator will have reasonable suspicions about the actual living arrangements for allegedly homeless applicants. In these circumstances, DPSS conducts visits in the community to an address associated with the applicant. This may include an address of an already aided DPSS client, a mailing address the applicant has provided, or the last known address for a homeless applicant.

Visits to an applicant's address(es) in the community can be a time-consuming effort involving door knocks not only at the designated address, but also interviews of neighbors to ascertain whether the applicant actually lives in the neighborhood. DPSS' residency verification efforts are commendable, but a more efficient method of verification may be possible by re-deployment of investigators to the District Offices or



using regionally assigned teams of mobile community investigators whose primary role is to perform community door knocks to confirm an applicant's homelessness or other living arrangements.

Community-based address verification teams that are familiar with neighborhoods could significantly reduce the need for inefficient travel to-and-from District Offices, thus enabling the teams to conduct more address verifications per day. Equipping the teams with wireless communication technology would allow them to receive assignments, and provide near same-day updates of DPSS databases.

### **Recommendation**

DPSS management:

6. Work with the CEO to evaluate the implementation or re-deployment of investigators to the District Offices or appropriately equipped community-based address verification teams whose responsibility would be to confirm living arrangements for self-declared homeless GR applicants and GR clients who demonstrate some indicator of living arrangements that impact their level of GR aid for which a neighborhood visit could provide clarity.

### **Data Mining**

Data mining is a process that applies analytical techniques to historical data to produce information that is predictive of likely outcomes or expectations. The techniques have the potential to significantly improve current fraud detection processes, resulting in earlier detection of potential fraud using historically known fraud patterns. Data mining can also improve the accuracy of referrals based upon lessons learned from analyzed data, and facilitate network analysis to investigate collusive fraud rings.

The patterns and characteristics of GR data can be used to construct a predictive statistical model that 'scores' participants in terms of the likelihood that they will commit fraud in the future. Scores indicating a high probability of participant fraud result in the initiation of an investigation to determine if a sufficient factual basis exists that supports actual fraud.

Data mining includes development of sophisticated rules to systemically monitor for suspicious applicant and participant activity and look for patterns in data that are significantly different from the norm. Data mining techniques may be complemented by expanding the analytics to include comparisons with additional databases. The commercially available LexisNexis database provides opportunities for additional analytical comparisons that link to collections of data such as publicly recorded documents, legal rulings, and real property records.



DPSS and the CEO's Service Integration Branch (SIB) have collaborated in the past on the application of data mining techniques to CalWORKS Stage 1 Child Care (S1CC) assistance. The methods SIB employed resulted in highly predictive models for S1CC fraud. Similar analytical techniques could be applied to GR data resulting in predictive indicators of fraud. These techniques would also be useful for predicting more complex collusive fraud schemes, and may benefit from complementary analytics using a commercial database such as LexisNexis.

### **Recommendation**

DPSS management:

7. Collaborate with the CEO's SIB to implement a GR pilot data mining program to develop predictive indicators of potential GR fraud, consider as part of this data mining effort the utilization of commercial database tools such as LexisNexis, and formulate policy and procedures for follow-up of these indicators. The pilot program should be expanded to all GR District Offices if data determines it to be a useful tool for detecting and preventing fraud.